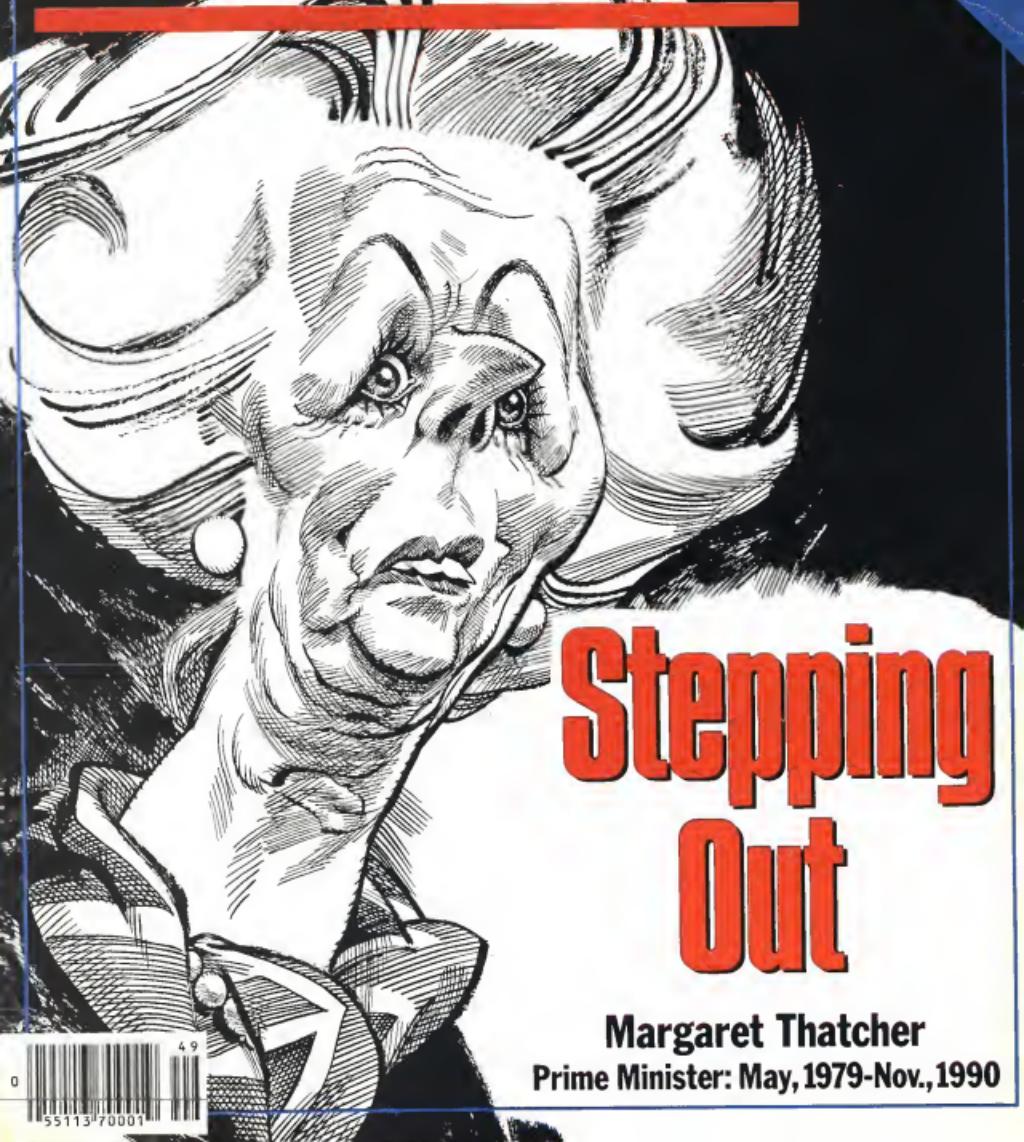


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HOSTAGES IN IRAQ



Stepping Out

Margaret Thatcher

Prime Minister: May, 1979-Nov., 1990

49



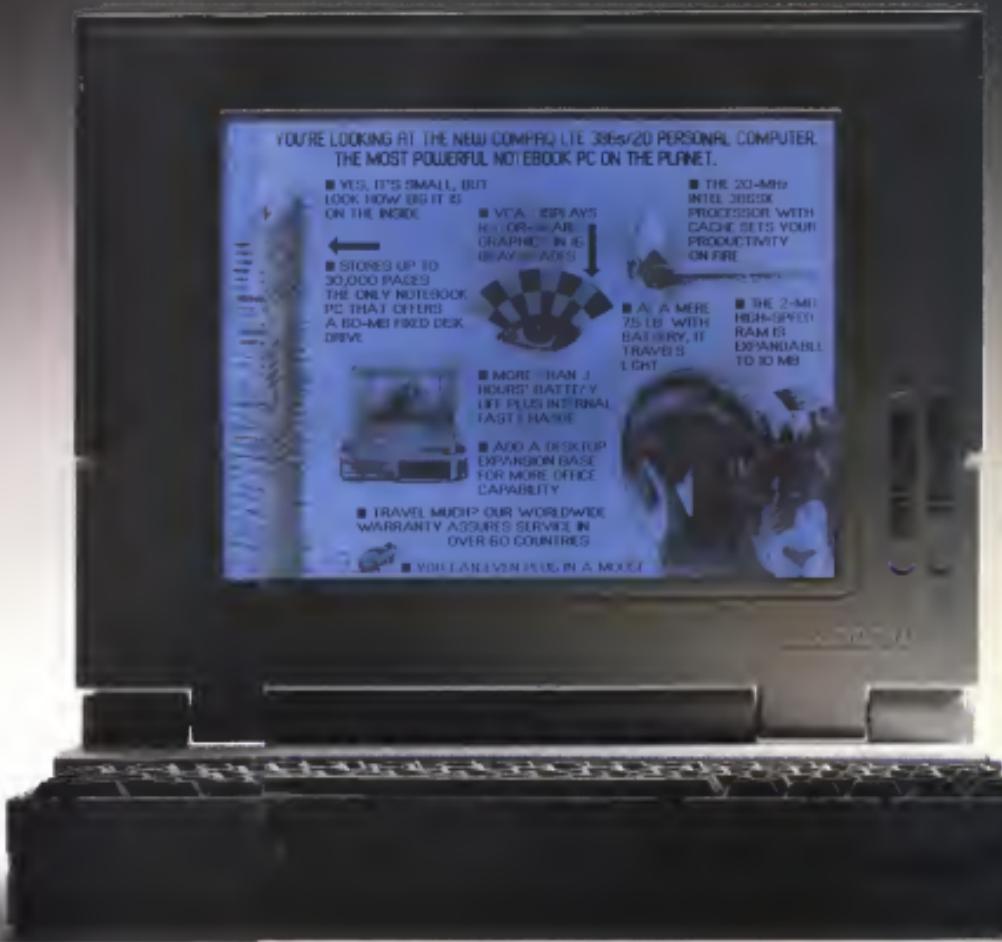
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CANADA'S WEEKLY NEWSMAGAZINE DECEMBER 3, 1990 VOL 103 NO 49

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COVER

STEPPING OUT

After failing to win a first-ballot victory in the Conservative party leadership race, British Prime Minister Margaret Thatcher last week bowed to overwhelming pressure within her cabinet and abruptly announced her resignation. One of her archrivals, Michael Heseltine, or cabinet ministers Douglas Hurd or John Major will succeed the Iron Lady this week. — 34

CANADA

TERROR IN IRAQ

As three MI6 travelled to Baghdad last week to promote the release of Canada's 47 Persian Gulf hostages, interviews with relatives, including Jessie Rosenberg of Calgary, revealed their bewilderment about Ottawa's response to the crisis, and their terror as they coped with the continuing uncertainty. — 16



SPECIAL REPORT

OPEN BORDERS



Once known primarily for its beaches, ballights and widespread poverty, Mexico is positioning itself as a free-trade zone and wants to join in a free trade zone with the United States and Canada. But many Canadian workers say that Mexico's modernization drive is threatening their jobs. — 48



The Iron Lady's Legacy

Margaret Thatcher was the first prime minister to be elected in three successive elections since Lord Liverpool in the 19th century. That achievement, at least, is unbroken; but her overall record, when she announced her resignation last week after 11½ years in power, was less clear. She limited the enormous赤字 produced by the trade unions, prevented £66 billion worth of state-owned companies, increased personal wealth and established more than a million public housing units—occasionally to say that one lesson. She also imposed British stamp duty by decree over the City of London, privatised British Rail and, by removing the exchange controls in 1979, she created London's traditional role as a major world financial centre. The horns of that shot-in-the-dark? Inflation and unemployment are higher now than when she took office, and herarrying opposition to a federal Europe has severely reduced Britain's influence in the European Community. And as one opinion, in *The Wall Street Journal*, notes, her privatisation patients have largely transformed state monopolies into private ones. Never exactly a populist, she lost touch dramatically with the emotional dreams and ambitions of her people after her re-election in 1987.

That almost silent defiance for voters' opinions, and even for those of most of her wife's, will send a chilling signal to prime ministers and presidents from Fraser to the United States and Canada. Every Western leader, in fact, who sees his popularity plummeting knows in some extent that the cancer is a disease that can be cured when governments want to lead and when voters are willing to be led. More and more opinion polls are showing that voter disillusionment is largely a result of feelings of helplessness or of being able to decide that positions under H. Thorkildsen were right of that, she gave no evaluation of responsibility, but pressed her lonely fight to implement clearly unpopular policies. She left her voters, and finally her wife, disgruntled—but she paid the ultimate price. It can happen anywhere.

Karen Dwyer

Watermeyer. Thatcher pursued her lonely fight, and then she paid the ultimate political price.



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LETTERS

DEATH, TAXES AND WEALTH

So Ontario Premier Bob Rae wants to bring in inheritance tax ("A millionaire's world," Cover, Nov. 15). But if the government does not allow individuals to reap the rewards of hard work, inventive thinking and risk-taking with the accumulation and retention of some wealth, what rewards does it propose to offer as high achievement? Let me say that most estates reflect only the residue left after the tax man has already had his go!

Maggie Riddle,
Melbourne, Australia



Rae: the 'rewards of hard work'

As a member of today's younger generation starting out in the working world, I can see a beneficiary of a portion of the colossal fortune being bequeathed to the baby boomer generation by frugal, debt-free parents. It is unclear that this intergenerational preservation of wealth, which has already been squandered, will bequeath to the baby boomers has already been squandered colossal debt to my generation and to generations to come.

Ruthie Maier,
Edmonton

You lump together all potential inheritances over the next 20 years into one figure. You then imply that the inheriting baby boomers will be dazzled by their newly acquired wealth into infinite irresponsibility and helplessness. However, ancestral debts are spread over the years; there is none of the largess implied by your article.

Karen J. Keeler,
Edmonton

I believe that your articles focused on a minute group of Canadians. Being born in 1950 makes me a so-called baby boomer, and I can assure you that most of my peers will not be receiving such wonderful bequests. My parents were middle-class and worked very hard to amass a small sum of money that is barely enough for them to live on.

Nicole Miron-Naoum,
Montreal

Because the real problems of environmental degradation and national debt were largely created in the earnings of these windfalls, a heritage fund to begin addressing these problems should be established, using a 15-per-cent inheritance levy. Let governments develop some creative approaches for encouraging investment of the remainder of these windfalls in Canadian industries. Windfalls should be kept out of the hands of those who would blow them. Personally, I would worry more about governments than heirs in this regard.

Robert J. Mitchell,
Kingston, Ont.

ment to make. Imagine the feelings of mothers who have sons or daughters in this case when they read this.

Beth M. Duncan,
Kamloops, B.C.

The United States now seems very eager to go to war with Iraq over Kuwait but, when the Soviets invaded Afghanistan, it was not so eager to go to war. Could it be that the United States gets warlike only when it can pack on someone else's coat? I am not saying that Iraq is right, just, as I remember it, the Afghan did manage to force out the Soviets without the help of U.S. troops for Canadian ones.

Dennis Ross
Edmonton

A 'TERRIBLE STATEMENT'

Is "Raising the stakes" (World, Nov. 10), you quote External Affairs Minister Jim Clark in a speech as saying, "We should not rule out the possibility that young Canadian soldiers will not return to this country for celebrations, but will stay there for burial." What a terrible state-

A BUG IN THE PM'S EAR

Well, now we know who is running Canada "from armchair to death," Opening Night, Nov. 12! So, I suppose a wondering just what the Prime Minister's new constitutional position will be, read *Le Devoir*. After all, when Louis Bélanger speaks, Brian Mulroney listens.

Leighann Scott,
Surrey, B.C.

PASSAGES

RETIRING: Justice Bertha Wilson, 87, Canada's first female Supreme Court justice. Wilson announced last week that she would step down on Jan. 4. She noted "aging energy" and the desire to spend time living a more domestic life with her husband, John, a retired Postmaster General, (opposite) in 1985 in Victoria, British Columbia, where he had moved from Ottawa. Wilson has been succeeded by Justice正义 of the Supreme Court panel who led the way in interpreting the rights of the individual as set out in the 1982 Charter of Rights and Freedoms. Her leaving for her 1983 departure that the existing abortion law was unconstitutional. Wilson has also studied away Canadian law's discriminatory against women.



DYING: English writer Ronald Dworkin, 74, of undetermined causes in hospital in Oxford, England. His best-known book was the children's novel *Charlie and the Chocolate Factory*, which has sold more than eight million copies in 27 languages. He also wrote best-selling short stories for adults, as well as his autobiography. Dworkin was married to actress Patricia Neal for 30 years until they divorced in 1983.

the child-abuse charges while Ferry agreed to sue for violation of his civil rights.

DIVORCE: Guitarist Bill Wyman, 54, of the Rolling Stones, and his 25-year-old wife, model Mandy Smith. Wyman and Smith began dating when she was only 13 and he was 47. Smith was 18 when they married in June 1989. Only months after their wedding, the couple separated. Smith was recently hospitalized for an undisclosed respiratory illness.

SENTENCED: To two years' probation, after agreeing to a plea bargain, rock legend Chuck Berry, 63, on a charge of marijuana possession. Last July, police raided Berry's house near St. Louis, Mo., and charged him with possession and child abuse relating to the alleged misuse of little girls' videotapes. The prosecution charged the possesson felony to a misdemeanor and dropped

the obscenity charges, after Réjean Desjardins, a lower court had ruled that his 1962 novel, *Blue Bicycle*, clearly resembled Margaret Mitchell's *Gone with the Wind*. But the appeals court said that the books merely had similar settings.

CLEARED: By a French appeals court, of plagiarism charges, author Édgar Faugeron. A lower court had ruled that his 2002 novel, *Blue Bicycle*, closely resembled Margaret Mitchell's *Gone with the Wind*. But the appeals court said that the books merely had similar settings.



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THE LUNG ASSOCIATION
Lungs are for life

The problem with the Canadian aboriginal issue is that the government does not show a single ounce of knowledge or respect for the history of confrontation between the white man and native Indians ("A time for healing," Canada, Nov. 12). We watch in horror at the apartheid situation in South Africa, yet we turn a blind eye while, in essence, the same type of oppression happens right in our own backyard. It is our ignorance towards the real issues that makes the innocent appear to be the guilty party.

Daniel Brown,
Toronto

MEDITATING UNIVERSITY

Having received my MFA from Miskatonic University in Pierfield, Iowa, I am astounded at the high-degree of violence and the exceptional quality of its faculty ("The Miskatonic Effect," Religion, Oct. 29). But why did the article appear in the Religion section? A large body of scientific research has shown transcendental meditation to be a systematic procedure for increasing intelligence and transforming behavior to physiological functioning. A more appropriate placement would have been in Science.

Matthew Newby,
Brantford, Ont.

WITH HAIR AND WITHOUT

Dear Alan Fotheringham, I am irritated by the recent bald-guy-worship of the new Canadian AM anchor on CTV ("The J. D. Roberts Factor on CTV," Culture, Sept. 22). I enjoyed Nancierry's smarts and his substantial approach. They helped me face my day. As an viewer, I will continue daily shot of east over Terriya. Joe's automatically make eyecolas, but I will learn to live without it.

Daniel Domonique,
Montreal

As far as I am concerned, Peter Mansbridge, David Halifax and Mike Duffy will never be "resigned useless on the air" if they should become totally bald. I will continue to watch and listen to them whether they are bald, have a hair implant or decide to shave a wig. As for J. D. Roberts, he is also a welcome addition. Though he is baldness, he does not lose his wits. And I have many more "wits" than years on my credit than Alan Fotheringham.

Rosa Davis
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LETTERS

DEFENDING THE BACON

Last week with the article "The Bacon show" (Canada, Oct. 22), which uses ridicule to attack Nova Scotia Premier Bacon, it is ironic that it appears at the same time as a column by George Baas ("Media modesty can be beyond belief," Media Watch, Oct. 29) in welcome exposure of a timely issue. That is, a nation so dependent on trade and with no long coastline has had such relatively limited participation in ocean shipping seems a lamentable paradox.

T. Normand Hall,
President, Canadian Shippers Association
Ottawa

SHIPSHAPE TAX CHANGES

Peter C. Newman's column on tax changes that would favor the location of extreme freight shipping responsibilities in Canada ("Tearing Canada into a world shipping power," Business Watch, Oct. 29) is welcome exposure of a timely issue. That is, a nation so dependent on



Premier Roger Bacon "indulges"

Alan Lefley
Montreal

THE ROLE OF HIV

You attributed to me comments that could suggest that HIV is irrelevant to the cause of AIDS ("New AIDS doubts," Health, Nov. 12). I believe that it is important for people to know these are issues as the first step in understanding and protecting their immune systems. There are many unanswered questions about the role of AIDS, but, there is little doubt that a positive diagnosis is a danger signal for amniotic failure.

Glen Brown,
Co-chair, AIDS Action Now!
Toronto

'CONSUMING AUTOMATONS'

"Consumer," "consumers" and "consumer demand," as in managers being "a stimulus to consumer demand." ("Opening the door wider," Canada, Nov. 10) all connote the use-and-discard mentality associated with pollution and profuse waste. Is it not time we become something better than consuming automatons?

Richard Westerfeld,
Surrey, B.C.

FUELING SEPARATISM

You ought to be ashamed of yourselves for using the full column space provided for covering ("The map of us," Cover, Oct. 30). Certainly, the 20th anniversary of the crash was not among the most important issues of the week. Quebec is a province of Canada, not a country. Your cover line "Quebec and Canada 20 years later" sounds like something Jacques Parizeau would say in one of his most foolish speeches. This type of journalism only fuels the separatist cause.

John G. McRae
Montreal

"BITTERFELD" THE MOST POLLUTED CITY IN THE WORLD

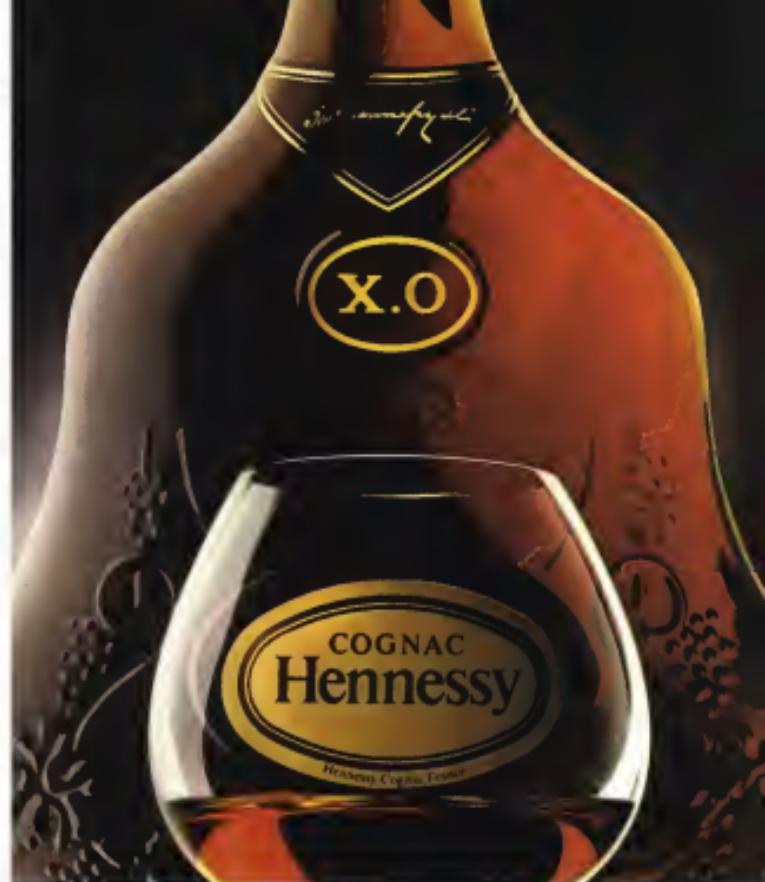


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OPENING NOTES

Dick Beddoes stretches the limits of taste, John Bassett Sr. has his toenails trimmed, and the Donnellys collaborate

A CUT ABOVE THE USUAL

The world's best hairdresser, says ccc Reddiw's Peter Gzwinski, is Common Lombard of local's Maria's Hair Stylist in Toronto. And Gzwinski, a Lombard customer for more than 10 years, who goes every two or three weeks, is not the only devotee. Even founder Gordon Beck and cable television mogul Ted Rogers rely on Lombard to keep them looking ship-shape. Says Gzwinski: "I've seen John Bassett Sr. getting his eyebrows done there." And Lombard, 48, adds that the big guy "has one 'real' beard, maybe a bit more than required." Gzwinski insisted that he tips well. But Bassett said that he prefers not to discuss it.



Lombard, Halpern: best barbers

cost his tipping practices—"that's name of your club," Bassett did say, however, that as his wife-recently visits, the shop's nail-savant-pedicurist, May Halpern, does an excellent job on all 30 of his nails. As for Lombard, who has cut his hair for more than 30 years, Bassett said, "He's a down-gear hairdresser and an extremely nice fellow. The trick is to never look like you need a haircut or like you've just had one." Common does that. "Maria's" secretary added that her boss was too busy in solo-client haircuts. Bergert, who also has Hopkin do his toenails, was unavailable for comment, but his secretary, Debbie Glavers, who arranges his appointments, add that she too thinks Common is "great." Lombard seemed pleased by the admiration. "You must like the people, and like the work. They must like the way I work," he said. Top-to-toe admiration.

Sibling rivalry and family cars

Unlike the legendary *Family Ties*, Dick Beddoes and Dickie Lee can't get along. So well, that the Marconi Donnelly, who is the Ford car dealership and her brother Thomas, who owns a car franchise across the street, are sharing advertising spots. The siblings are running just 27 commercials this year, promoting sales at each lot. And they held a competition to see who could sell the most cars in 22 days. A winner, however, like winning sales races, is planned for Dec. 8. Both Donnelly say that they did not consider their respective executives before embarking on the joint venture. Said Macrae: "If you asked the winner, will be 'No,' why not?" Added Thomas: "We can always say we're not if you don't like it." John Jellock, a spokesman for Ford Canada in Oakville, Ont., said that the campaign may "run counter to our marketing



Macrae and Thomas Donnelly: an ad venture

advertising on a national basis." And Nicholas Hall, a spokesman for General Motors in Oakville, called the situation "strange." He added, "The last time I checked, we were in competition with those folks." Not an easy family.

DEEP THOUGHTS IN HALIFAX

Halifax Mayor Ronald Wallace is sounding like Chairman Foran's *Conqueror Reaches Space*. In selecting members to serve on a think-tank about the city's future, Wallace said that he wants to hear from a cross section of people. Said Wallace: "We want to hear from poets and dreamers." But skeptics point out that engineers might serve the city better than dreamers. The research could take eight years and \$297 million to clean Halifax's harbor. The forward-thinking city still dreams rare sewage into the Harbor. A subject for in-depth thinking.

AN MP'S LONELY TRAVELS

Dear Peter McCraith: According to a newspaper letter the Toryer from Nova Scotia's South Shore riding sent to his constituents recently, a politician's lot is not a happy one. The letter describes McCraith's wife's situation between his "comfortable apartment" in Ottawa and her home in Halifax, McCraith, first elected in 1984, writes: "There is no place to go. You have to be a public figure and live part of the life, often contrary to the public. If you are a happily married man with a family, and are you forced to be home at night to him, so that's not possible." Indeed, in October, McCraith had to endure even more hardship. He

spent eight nights with 160 other party on a boat trip hosted by the Texas Chamber of Commerce. In Nova Scotia, provincial size Leader Alton McCaughey was on the issue. "Clearly, these trips are self-serving and a freebie. What do they have to do with a politician's public function? At a time of restraint, it is offensive to see the lads with their heads in the clouds." McCraith defended the trip, saying, "It was an interesting experience." A man has to do what a man has to do.



McCraith: "You like to be home."

McCaughey: freebie

KENNEDY COINCIDENCES

Canadian author D. M. Thomas is completing a novel entitled *Love Field*, centred on the 1963 assassination of John Kennedy. (The title refers to the Dallas airport where Kennedy's plane landed.) Now, Thomas, whose 1981 novel, *White Hotel*, witnessed allegations of pederasty, says that he was surprised to learn that British playwright Stephen Davis's 1967 play, *Love Field*, who deals with the same shooting, Davis, who is working on a film adaptation and who says that he wants Madonna to star in it, says that he may be complicating the theorem. Meanwhile, another movie called *Love Field* in which the assassination is a backdrop, starring Michelle Pfeiffer, has just been completed in Hollywood. A legend never dies.



Davis: on the locker room

WRITERS TUNE OUT READERS

Dear Almond and Davies: I am writing to you because I am a writer and a reader.

Dear Mr. and Mrs. McCraith: According to a newspaper letter the Toryer from Nova Scotia's South Shore riding sent to his constituents recently, a politician's lot is not a happy one. The letter describes McCraith's wife's situation between his "comfortable apartment" in Ottawa and her home in Halifax, McCraith, first elected in 1984, writes: "There is no place to go. You have to be a public figure and live part of the life, often contrary to the public. If you are a happily married man with a family, and are you forced to be home at night to him, so that's not possible." Indeed, in October, McCraith had to endure even more hardship. He

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Thomas: "You like to be home."

Dear Almond and Davies: I am writing to you because I am a writer and a reader.

COLUMN



A most polite and literate execution

BY BARBARA AMIEL

The procedure was quintessentially British or, perhaps more accurately, it revealed the British Conservative party at its most base. The men in the grey suits with hair and spectacles to match finally disposed of the grocer's daughter. Blaming on her fate, after winning three elections for her party and encouraging what appeared to be the majority of party constituency support, Margaret Thatcher submitted to the ultimate by telling her colleagues, "It's a funny old world."

Mrs. Thatcher's executioners were impeccably dressed men and the turbines were silent. On May 13, Sir Geoffrey Howe, a graduate of Worcester public school, Canterbury University's Canterbury Hall, who had just got out of an expatriate group minister position on Europe, along with Thatcher, rose in the House of Commons to give his resignation speech. "The time has come," he said in exquisitely cultivated cadences, "for others to consider their own response to the tragic conflict of loyalties with which I have struggled for perhaps too long."

Upon hearing that speech, some of us thought back to the time when Thatcher had at a quick cabinet shuffle a year ago last summer, shifted Sir Geoffrey from foreign secretary and shrewdly placed the Home act of the country estate that went with that office. I predicted then that there would be a "revenge of the wives," as the Howes had to go through the initial business of packing. In Sir Geoffrey's subsequent silence, one could see the head of Lady Howe, raising the dagger with glee. One could also have shared of a similar Conservative accession when Nigel Birch, former treasury secretary, rose in the Commons in 1983 to present on Harrod Macmillan's "Never glad, content, smiling spirit" his eloquent speech began, the opening lines of Robert Browning's "The Last Leader." The tones were as strained as when commenting a political murder.

Tragedy in politics is not new, but one is hard put to remember an act quite the equal of

this. Nor the leptocephalous speech it. After her resignation, there was a vigorous outpouring of enthusiasm for her by the very party that had put down her in. There was something awful to behold in the spectacle of all those Tories standing up, waving their paper copies, cheering the leader they had just killed.

All of which is not to deny that Thatcher had seen her time. She was not emerging from the barren condition and her political cycle had shifted. Poor Geoffrey had by his style and manner won himself the defeat, upon analysis none of that holds water. She had always been a strong leader, ready to catch cabinet members or abandon their views when it came to very serious policy differences. When she seemed to be on a winning streak, this was described as "fascinating." When it appeared that the voters had turned on her, she simply became "the wiser" or "boring." Her great strength is victory because the final tally is decisive.

But, she was in fact in the position of leader of government in the century, and all knew it. The Tory establishment based on her, thinking a man like her would go a better distance in the next general election. Both benches were pinching at the low spines polls caused by the flagging British economy.

But in purely practical terms, they have probably managed to do precisely the opposite of what was intended. This is not to say that the Labour Party may not stand itself in fourth place at the next election, or that a renewed British economy will not yet see the Conservatives. It is only to say that the Tories would have been wiser to have made some sort of accommodation with her—perhaps a deal that did wouldn't have alienated the Moderate wing who voted Conservative in the last election. More who voted Conservative in the last election would have voted for Mrs. Thatcher had a Tory second. They will not forget. Also, there will be many straightforward voters who will find this Conservative spectacle of coquettishness and betrayal so unpersuasive that they may well turn their backs on the party as we know it. Thatcher had one major flaw if we were to look so many great leaders have: she was unwilling to grow in increments.

In my view, she was not and will be proved entirely right when it comes to her preference for Europe as a free-trade association rather than a political federation. As the rest of the world deregulates, democratizes and rejoices in the differences that freedom and self-determination bring, Europe under the plan proposed by Commission President Jacques Delors seems determined to collectivize and converge. If any single factor can be blamed for sparing Thatcher's defeat, it may be the cooler attitude of the Italians, who at the recent summit in Rome refrained by their refusal to discuss trade and health restrictions within the EC. The link to Thatcher's outburst of rage over the way European policy was going, which in turn led to Geoffrey in resign.

The full cultural legacy of Thatcherism cannot yet be assessed. An entire generation of children have grown up British never knowing the horrors of life in the pre-Thatcher years. They have been educated to believe that the cleaning, drivers and reception staff. They know nothing of a time when it was a matter of second chance to be English and when Britain was called "the sick man of Europe." They will take for granted the rights that Thatcher gave them—the right to choose the sort of schools their children attend, the right to a medical system that allows patients to be treated in private rather than hospitals. She has given ordinary people an opportunity to own their homes and to buy stocks. That is a generation that expects to play a large part in determining our collective life.

Because so many voters have known little about Thatcherism, it's hard to tell if they fully appreciate the changes she has wrought. Still, a large body will be left of Europe's losses. Small examples speak to the much larger problem. At the telephone equipment talk on the day after Thatcher's resignation, "Do you know that the Europeans used to sell us no sewage? Not enough meat, not fish and No more English asparagus, they said. And the Postgate, the country's only fruits are allowed as part as the Portuguese had the EC derive controls on its first. That's what we're up against with our lot and how are we going to fight it all without Margaret?"

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WEEKEND PRIVILEGES®

TERROR IN IRAQ

THEIR LETTERS HOME REVEAL THE FEARS AND BITTERNESS OF THE CANADIANS HELD HOSTAGE

They are a disparate group, united in the horror and helplessness of their situation. At least 47 Canadians from families abroad and towns across the country have been held hostage in Kuwait and Iraq since Aug. 3. The 13 at Kuwait and the others at Basra were among the thousands of unlucky foreign bystanders caught in the jaws of Iraq's invasion of Kuwait. Since then, the Canadians have been among the many held fast by Iraqi President Saddam Hussein to try to discourage a counter-invasion by the American-led multinational force, which continues to mass in the Persian Gulf. The Canadian hostages include doctors and oil workers, lab technicians and mechanics. But their stories, told in letters smuggled to Canada and in phone calls to worried relatives at home, all bear an achingly similar refrain: helplessness at the enforced inactivity, moments of peace at their plight, bitterness about the federal government's handling of the issue—and a nagging uncertainty about when, if ever, they will be free to return home.

Last week, the circle of concern for the Canadian hostages widened well beyond family and friends. A delegation of three members of Parliament travelled from Ottawa to Baghdad on an unofficial mission to try to secure their release. The three MPs—Conservative Robert Corlett, Liberal Lloyd Axworthy and New Democrat David Balson—worked their way up the ladder of the Iraqi hierarchy in an attempt to meet Hussein, the man most at the center of their pleas for the hostages' freedom. And promised to release all the hostages after his country leaves Kuwait by Nov. 25. But both Washington and Ottawa dismissed the offer as a "profound gesture." Instead, they reviewed their call for a United Nations Security Council resolution that would authorize the use of military force to drive Iraq

from Kuwait. Against that flurry of political rhetoric, there was still no indication at week's end whether the three men could hope for some success in their mission of mercy. Indeed, more than ever, the fate of the Canadians hostage appeared linked to how far Ottawa was willing to go down the road to war.

Until the MPs' visit, world attention had been paid to Iraq to those trapped in Kuwait and Basra. The tiny government had refused to negotiate for their release, insisting that Kuwait was being used as hostages as bargaining chips to stall off an attack. Macleish has learned that, in October, Corlett had tried to organize a delegation of Ottawa negotiators flushed and secured the necessary travel visa from the Iraqi. But the impaled mission was cancelled for reasons not yet revealed. Nor has External Affairs released the names of those Canadians being held, and last week the department declined a Macleish's request for the names and telephone numbers of the families of the Canadian hostages. Canadian officials said that the names were not made public because of a legal requirement to protect the privacy of the hostages' families. But that has also discouraged publicity about the plight of the hostages. And without families and personal stories to attach to those now held in Iraq and Kuwait, public reaction to their plight has been slow to materialize.

At first, families and friends of the hostages usually followed Ottawa's low-key approach. "We wait, but there is never any signs of life from Ottawa," complained Carolyn Keayness of Chatsworth, Que., whose husband, John, an engineering company executive, is passing his days at captivity by gardening in Baghdad. But as the weeks went on, and as high-profile escapees from other countries suddenly petitioned Hussein for the release of their nationals, petitions among the Canadian families engorged. "We wrote a lot of mail to Canada," said Terry Shorberg of Calgary, whose husband, Fred, a 53-year-old company engineer, is held in Kuwait. "I welcome this dialogue [of] sort, but it should have gone one month ago. And meanwhile, the hostages are sitting in there, no news."

Many of the hostages share that frustration



Shorberg: Canadians as human shields

with Ottawans. In an Oct. 18 letter to his wife, Terri, Shirley Reschke, a 43-year-old director of a hotel management firm, wrote: "It is rather amazing considering that there are only 13 Canadians remaining in Kuwait and still our government can't do anything to get us out. Is it really that difficult to find a way to release 13 people?" The more I think of it, the more depressed I get." Three days earlier, admittedly despondent, Reschke and eight other Canadians in Kuwait had written former prime minister Pierre Trudeau asking him to intercede with Hussein on their behalf. "You remember when [American President] Mary [McCarthy] Shultz took to her husband," Trudeau wrote, "We took a planeload of people back. So if a high-ranking Canadian would come over...we'd be grateful."

But although his successor chose to treat Iraq and that he was instrumental in the proposal, the former prime minister did not go to Baghdad.

Accordingly, for one, and that Trudeau had a poor command of English to travel to Kuwait. In his place, the MPs organized their trip, which Ottawa, while providing the usual assistance made available to travelling parliamentarians, had refused to sanction. Ottawa's lack of diplomatic action has made the hostages' family members increasingly depressed and angry. "The government doesn't know what we are going through," said Terry Reschke, who was as anxious with her husband but managed to leave in the first week of September when Macleish addressed most foreign women and children to leave. "They do

understand," said Macleish. "Without that, you get kind of bitter."

For the 13 Canadians known to be in Iraq-occupied Kuwait, the atmosphere is one of quiet despair. In their conversations with family members here, hostages in Kuwait City have described the situation as "hellish" or "miserable," with widespread crime, shooting and looting. David Wright, a 56-year-old Toronto lawyer who has spent 10 years in Kuwait, where he ran a branch of a hospital laboratory, wrote to Carol Wright in Fredericton in October. "It's so dangerous in Fredericton," Wright, who speaks Arabic, wrote

National Notes

HIRAKUCHI CHARGES

Mike Legget, currently serving a life sentence in New Brunswick for a 1986 killing, was charged with another local murder that occurred in the province's Maritime area after Legget's May, 1988, escape from custody. The prosecution case against Legget, who was captured in 1990, is based on genetic fingerprinting, a method that matches organic evidence to crime suspects by an analysis of DNA.

A SENATORIAL RUMOUR

A New Brunswick court ruled that the appointment of a local businessman to the Senate was unconstitutional—if the previous acts annulled MP. The appointment, part of the Times' drive to stack the Senate, left New Brunswick with 13 senators and 10 Commons seats—contrary to constitutional rules that a province's senators must not outnumber its Ottawa will appeal the ruling.

GOING TO THE COURTS

Environment Minister Robert Currie said that he will appeal the Nov. 16 court ruling that dismissed Ottawa's application to build a new section of Saskatchewan's Rafferty-Klaasen dam project.

OUR ASSASSIN'S HEALTH

A Montreal cancer expert said that former Robert Bourassa's health remains in question. A bulletin issued on Nov. 16 by Maryland's National Cancer Institute, where Bourassa underwent an operation for skin cancer in September, said that there was no indication that the disease had spread. Dr. Henry Stobart, head of cancer surgery at Royal Victoria Hospital, said that without other information, such as the tumor's depth, it is impossible to know "how serious the disease is."

NO APOLOGY

Ottawa has refused to apologize for the forced relocation of 10,000 Indians from Quebec to the high Arctic during the 1950s. The Inuit claim that they faced hardship and abuse, but Indian Affairs Minister Thomas Sopuck said that there is no evidence of government wrongdoing.

LITERACY SURVEY

A Decade Research Ltd. poll commissioned by the literacy foundation ABC Canada revealed a number of Canadians' misconceptions about literacy. While 63 per cent of respondents said that literacy is an important issue, they did not say that it was urgent—although more than one-third of Canadians suffer from inadequate literacy skills.



Anwstry, Robinson and Garbett: working their way up the ladder of the Iraqi bureaucracy

roadblocks are on every street corner, he wrote, and traffic is controlled so tightly that "not a mouse could get through."

As a result, the hostages' best hope for release appears to rest with the unofficial parliamentary delegation. Before they left Canada, the three men spoke to many of the hostages' families and told them they expected their release would take at least a week. Their first two days were spent meeting with representatives of the Iraqi Committee for Solidarity, Peace and Friendship—a liaison organization. As well as talking to some of the Canadian hostages, Mrs. Abu also met with low-ranking Iraqi bureaucrats and participated in numerous

meetings, such as a wreath-laying at Iraq's Mosque to the Unknown Soldier. Carter, who has travelled extensively in the Arab world since 1985, discussed criticisms that, by laying the wreath, the MPs were giving Hussein a propaganda victory. "It is absolutely stupid," he said.

But after meeting with members of Iraq's national assembly on Nov. 12, Anwstry appeared to suggest that the opposition parties could better attack the Canadian government's military stance in the Gulf if the hostages were

done. Said Stoeberg: "Malone is sounding like a anarchist. George Bush is keeping some Canadians will be part of the punishment for our Gulf policy." The suffering of the Stoebergs and other hostages was a grim reminder of how innocent lives can be snatched up in the violent grinds of international affairs.

BRUCE WALLACE
in Ottawa with **BRIAN BRECKMAN** in Toronto and **JENI DOWSE** in Calgary

HOME IN TIME FOR CHRISTMAS?

Their opposite the adventure had already been whetted by an earlier seven-year stay in Saudi Arabia. As a result, in Oct., 1989, 44-year-old nurse Cheryl Dyck and her husband, Atlanta-born gynaecologist Colin, 33, left New Glasgow, N.S., for Baghdad under a two-year contract with an Iraqi hospital. But the posting became a nightmare following President Saddam Hussein's Aug. invasion of Kuwait. Along with thousands of other Westerners in Iraq and Kuwait, they became hostages in the war of nerves between Hussein and the actions carried against him. Then, just weeks, the Dycks' family members in Canada, including their daughter Sarah, 22, and son Jason, 21, received an encouraging report. According to Cheryl Dyck's mother, Maxine Shaw of Sackville, N.B., it now appears that the

link medical placement company through which they secured their residence—and that the couple may be home in time for the holidays. Said Shaw: "It sounds like a certainty—unless somebody gets trigger-happy. I expect there will be a big party here Christmas."

Family members in Canada told Michael J. that the Dycks, who have been able to place phone calls to family members, have been under a great deal of stress. Part of that pressure has come from comments at Baghdad's air base hospital, where they are posted to work. The Dycks' host family relatives that they have been well treated. But Sharron Robson, 43, Cheryl's sister, told Michael J. that the couple also have been forced to be uncompromising in their comments about Hussein. "They're under pressure to say the right thing at the right time."

Cheryl Dyck's forced stay in Baghdad has



Sarah Dyck's stress

been particularly difficult. Although Iraq has allowed foreign women to leave, it has denied exit visas to several hundred women who are Iraq on work contracts. Dyck appears to be the only Canadian in that category, and her family has been pressuring Ottawa to try to win her release—without success. Her parents, however, said that she does not blame the government for failing to secure the couple's freedom. But, she noted, "The success in getting them out is up to the people who want them free." She added: "It falls down to one individual [Hussein] and it is with his means to clean everybody's clock. I will worry—and I actually see the whites of their eyes."

GLEN ALLEN in Halifax

fried. Said Anwstry: "We have said to the Iraqi authorities that we cannot have an honest, open debate while there is still the emotional issue of Canadian citizens being detained."

The prospect of a tumultuous domestic debate did not deter Prime Minister Brian Mulroney from renewing his call last week for a U.N. resolution to outlaw the use of force. But some of the hostages' families express concern that Mulroney's support for the increasingly tough line of President George Bush may make him less inclined to free the Canadians he holds. Jeanne Stoeberg, who received a chilling, one-month-old letter from Tareq last week that advised what will be drawn up. Believes that Mulroney's stand is an obstacle to free-

dom.

"Malone is sounding like a anarchist. George Bush is keeping some

Canadians will be part of the punishment for our Gulf policy."

The suffering of the Stoebergs and other hostages was a grim reminder of how innocent lives can be snatched up in the violent grinds of international affairs.

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The agenda for change

Ontario dissects the NDP's first throne speech

A few days before Ontario's New Democrats presented the province's first throne speech from a socialist government, Treasurer Paul Lainghouse took a break from 14-hour days of preparation meeting with closest colleagues to attend dinner at a friend's house. There, the friend handed the 19-year veteran of the legislature a copy of the proposed budget, p. 1, "Tales with the exception," Paul Floyd, the rockabilly Lainghouse's nickname gave him a few years ago for his reputation as a left-leaning ideologue. But last week's throne speech demonstrated that Lainghouse has tempered his socialist instincts to try to deal with the fiscal realities of the province's \$2.5-billion deficit and the recession. He was among those who successfully argued against placing expensive campaign promises such as a \$400-million development fund for northern Ontario in the speech. Said Lainghouse: "My role on this one was to bring in certain an announcement package that was short-term—and those things don't belong in it."

Some aspects of the speech hewed to the hallmark of the NDP's left-wing principles. Among the specific proposals: a \$700-million public works program to improve sewers and roads in the province; an employee protection fund to provide compensation to workers who lose their jobs after lay-offs because of plant closings, bankruptcies and a pledge to revise the \$5.45 minimum wage to more than \$7.08. As well, the speech brought back some much long-standing core commitments as an environmental bill of rights and public auto insurance, and stopped a moratorium on further development of nuclear energy. But the speech was also notable for what it did not contain. Missing was a campaign pledge to build 20,000 units of affordable housing in each year of its mandate—and new funds for social assistance.

While the speech left labor leaders smirking, Opposition Leader Robert Nixon dismissed it as "long on principle, motherhood and apple pie." More surprising, some traditional state government groups such as advocacy and human organizations descended to laud the government. Still, party strategists said that before the current legislative session ends for the winter holidays, the government will make 37 announcements—many of them aimed at single-gauge Anthonette, wide-ranging negotia-

tions on native land claims and a plan to deal with the federal government's aboriginal bill. "One of the tactics at the throne speech was to show that the government is in the pocket of interest groups," said one NDP confidante. In reality, in the next three to four weeks there will be a whole raft of announcements, which



Lainghouse (left) and Rae: a T-shirt for "Pink Floyd"

are directed very much to interest groups."

The throne speech foreshadowed other initiatives—such as a pledge to reform the provincial patronage system. To that end, the government is expected to unveil a new appointment system in December. Under the current arrangement, the premier has the discretion to make 5,500 appointments to govern-

ment agencies, boards and commissions—in the past most often filled by party supporters and supporters. But now, appointments director Carol Phillips, a former assistant to Canadian Auto Workers president Bob White, is preparing a plan under which the premier would submit lists of appointees to a legislative committee that would have the power to call any of the nominees to publicly explain their qualifications for a job. The committee would be chaired by an MPP from the opposition benches, but would have a majority of government members and the power to veto postings.

But in spite of the expected announcements, some NDP campaign promises will clearly have to wait. For one thing, plans to introduce an inheritance tax, a land speculation tax and a minimum eight per cent tax on corporations will first be studied by a Tax Commission. As well, building a massive experts panel may do that it will be impossible for the new government to fulfil its election promise to create 25,000 units of new social housing a year. The reason: a backlogged zoning system, which is averaging up to three years in the next three years, and some New Democrats' legislators have already discounted possible postings with the government's office. Last week, 100 critics arrived with names that consultant Gerald Caplan, who would be named chairman of TVO, Ontario's publicly funded educational television channel. At the same time, former Ontario NDP leader Stephen Lewis may become chief negotiator for the government when talks begin with Ontario Aboriginal leaders next year on native self-government.

If Lewis does indeed take on that task, he will find that much of the groundwork has already been laid. Charles (Bud) Wildman, minister responsible for native affairs, has already begun informal talks with the Chiefs of Ontario, an organization repre-

senting 130 Indian bands, to draft a statement of relationship between the government and native peoples.

That document, which the chiefs hope to ratify at a meeting in Ottawa next week, would include the first recognition by a Canadian government of native peoples' inherent right to self-government and serve as a framework for negotiations.

When that is established, the native leaders plan to consult their bands for six months before bringing their demands to the bargaining table in the summer. Among the issues likely to be on their agenda: proposals to re-create some of the historic Indian nations, such as Ontario's 60,000 Ojibway, who were partitioned into dozens of reservations across Northern Ontario by treaties during the past 180 years. Said Chief of Ontario spokesman Gordon Peters: "Every effort has been made to break our traditional system of governance down. We are talking about a re-joining of the first nations."

At the same time, the two sides will work towards settling 185 land claims pending in Ontario and negotiate mineral and resource rights on treaty lands to provide the bands with a new source of income. This week, Wildman's department was scheduled to announce just

federal-provincial negotiations to settle such issues on the largest treaty area in the province—the Nishnawbe-Aski Nation, which spans a 129,500-square-mile area around James Bay and Hudson Bay.

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Rae has made consensus decision-making a rule for his cabinet, and disagreement among key ministers on the issue of constitutional reform has produced a stalemate. Shortly after his Sept. 6 election victory, Rae undertaken to form a commission to study Ontario's constitutional future in the throne speech—but that did not happen last week. Using charts and slides, government experts gave a briefing to Rae, Lainghouse and their six colleagues in the winter cassette two weeks ago. And they presented a two-phase plan under which Rae would appoint a commission of 16 to travel across the province to hear citizens' views on Ontario's economic and political place in Confederation. Then the commissioners would report to a legislative committee. "Rae is going to have to talk to the first ministers six years or even about the shape of the country, and he will have had to consult his own government," said one of the presenters.

But while Rae was apparently supportive of the plan, those negotiations failed to convince Lainghouse. In the meantime, a consensus, the plan is still being developed. Last week, a source close to Wildman's "People's Panel" on the topic "constitutional future" They are thinking, "Give us a break." An interview should be planned with a constituent at this point? It is just one more reflection of the confusion that "Pink Floyd" and his colleagues are bringing to their stewardship of Ontario's political life.

PAUL KAHN



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Rambo night in Ottawa

Bedlam erupts in the Senate about the GST

It is no longer a place for mere partisan theatre, but rather an uncontrolled battlefield where personal insults are bandied and grenades are lobbed. Last week, parliamentary war again reigned on the Senate floor. On Nov. 22, a three-week-old truce between Liberal and Conservative senators ended with the filing of the eighth and final Liberal amendment to the Goods and Services Tax (GST) legislation. Within seconds of the final vote, the orderly calm of Senate conduct vanished and was replaced by chaos. Senators sailed on the floor, screaming insults and even trying to physically assault one another.

The most notable cause of the Senate conflict was a clause which the Senate could not agree on how to proceed with debate on the GST. The government's determination to have the bill passed in time for the scheduled Jan. 1 implementation of the tax—while the Liberals insist that they will use any means to delay it. The impasse was complicated last week by Reform Party Senator Stanley Waters and Independent Senator Edward Lawton, who both went to propose amendments of their own to the GST legislation. Without an agreement on



Waters (left) and Lawton's pandemonium

how that can be done in a way agreeable to all factions, the upper chamber became effectively paralyzed.

Before the sitting was suspended for the weekend, the Senate witnessed much of those

that surpassed even the heated debates of last month. Liberal senators surrounded Speaker Guy Chamberlain, waving their rule books and Rogers under his nose as they launched into with insults. As senators from all sides screamed "Sit down!" and "Shut up!" Tory Senator E. W. (Stu) Beaton took Senator Jacques Robert's arm and said, "Why don't you go lie down in the lobby for a while?"—a reference to Robert's 1988 hunger strike in the Senate lobby to save the Rainforest protection program.

The Senate's voice accusations were shot off at the start of the outburst, as claims of who-said-what to whom were disputed. But it was clear that no party or senator benefited from the unruly acts. Many senators agreed that the tone of the GST debate is shaking the already precarious legitimacy of the Senate. Said independent Liberal Senator Dougall Stewart, "The Senate has stopped seven of the eight amendment debates out of disgust with the way [the GST] has been handled." And the Senate has become divided. "But the Liberals have opted to sacrifice GST opportunity by delaying their fight against the bill at every step. And with the Tories equally determined that the slow pace of Senate rules will not stop the GST's passage, further political battles are likely."

BRUCE WALLACE in Ottawa

Strains on the treasury

High interest rates hammer Ottawa's budget

The federal cabinet had been warned to prepare itself for the worst. Last Thursday, ministers attended a special briefing on \$4.8 billion in supplementary government spending that Treasury Board President Giles Longleit would announce in Parliament the following day. And according to notes from the meeting obtained by Maclean's, the Tories expected tough questioning in the Commons. That was partly because of the controversial nature of some of the expenditures. Said Stéphane Librande, Mary Changy: "You have to be an economist, a mathematician and a wizard to follow these estimates."

In fact, the largest part of the additional funds, \$1.5 billion, will be used to pay the regular salaries on the current \$350-million debt, the accumulation of all past and current unpaid deficits acknowledged Liberal treasury critic James Peterman said that it is a sham for the government to blame the military for the higher spending. He added that 99 per cent of the money "is not going to finance the war. It is going to pay for the fiscal incompetence and the made-in-Canada recession promoted by this government."

Supplementary estimates would be perfectly covered by higher federal tax revenues and \$3.3 billion to be taken from reserves already included in the budget. The net result, according to government spokesmen, is the current year's deficit—the amount by which spending exceeds revenue at the fiscal year ending next March 31—will rise by as much as \$1.5 billion from the amount originally projected to an estimated \$80 billion, about the same level as last year. Said Stéphane Librande: "Mary Changy: "You have to be an economist, a mathematician and a wizard to follow these estimates."

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The government also plans to devote additional funds to increase spending by \$114 million as part of its contribution to a space station that the United States and other countries are building. As well, Ottawa will give an extra \$114 million to help farmers suffering from low prices for their produce, and the remainder will cover government programs that are already over budget.

Of the \$280-million reduced inflows, \$180 million will take the form of cuts or postponement of spending and grants from programs in the departments of environment, agriculture, transport and the Atlantic Opportunities Agency. Government departments themselves will decide where to make the necessary \$250 million in cuts. Said NDP Leader Audrey McLaughlin: "Our concern is that those who can afford it the least who are paying for the bungling of this government." She added: "There are the priorities of this government."

When he tabled his February budget, Finance Minister Michel Wilson said that his estimates were based on an anticipated decline in interest rates and a return to growth. Ottawa's bonds. Many experts called the new economic estimate released for much of this year, Bank of Canada governor John Crosbie has pursued a high-interest-rate policy—with the support of the government. But that policy may soon become impossible to sustain.

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TALKING TURKEY

BUSH CELEBRATES THANKSGIVING IN THE DESERT AND STEPS UP THE PRESSURE AGAINST SADDAM HUSSEIN

Among U.S. troops at a forward base deep in the Saudi Arabian desert, President George Bush was playing two very American roles. As the leader of his nation, he presided grandly over the hallowed ritual of Thanksgiving Day. And as the resolute chief, standing tall from the approach of Huf Noman, he warned Iraq's Saddam Hussein to pull his forces out of Kuwait—or else. "We're not willing every out our mission is done," Bush said on a conference of him and their parents from Britain's 7th Armored Brigade, the "Desert Rats." Dressed usually in khaki pants and a Mae-sparn shirt, and accompanied by his wife, Barbara, Bush railed among the troops, slapping backs and shaking hands. It was clearly a big moment for most of the four-star heroes—and for the President, who said later that it had been "a very emotional day." But Bush's speech was only a mixed response. Some of the troops cheered more pugnacious comments, particularly when he called Hussein "a classic bully, looking mad in the face of the world." But others stood silent, their heads in their pockets.

Back in the United States, the threat of war hung heavy over Thanksgiving dinner. A group of 45 Democratic congressmen told a House in Belvoir court on Nov. 26, seeking an injunction that would stop Bush from sending Congress before sending congressional resolutions that the President had rejected congressional attempts to restrict his powers, and he seemed determined to rush a resolution through the UN Security Council that would authorize the use

of force against Iraq. A peaceful solution was preferable, and Bush later told an Egyptian President, Hosni Mubarak, at Camp David Friday, that he added, "We're not going to risk the status quo, and that's the rest of the world." That also seemed to be the prevailing mood of the U.S. troops in the desert. Staff Sgt. Michael Lynch: "Nobody wants bloodshed, but nobody wants to sit here and wait, waiting for sanctions to take full effect."

During his visit, Bush learned of the resignation of his former Gulf ally, British Prime Minister Margaret Thatcher (page 34). Said the President: "I'll miss her. She's been a staunch friend." Both his departure was swiftly to change British Gulf policy. In fact, Defense Minister Thomas King announced Wednesday he was sending another 14,000 troops to join the 35,000 soldiers of the Desert Rats.

While Bush made his tour, Secretary of State James Baker was on a difficult diplomatic mission in neighboring Yemen. There, he tried to

win support for the use-of-force resolution, which he plans to present to the UN before Nov. 30, when Yemen is scheduled to take over the rotating presidency of the 15-member Security Council from the United States. The president will give the Yemenis control over the council's agenda although, unlike its Big Five permanent members (the United States, the Soviet Union, China, Britain and France), Yemen has no veto. Still, a pro-resolution vote by the council's one Arab member would clearly send a powerful message to Iraq.

At the start of the Gulf crisis, Yemen appeared to be mildly pro-Iraq. But in recent weeks, its support for Baghdad has declined. It has now supported five of the 10 resolutions condemning Iraq, while abstaining on the others. However, when Baker visited the ancient city of Sanaa, some Yemenis shouted curses at him. Many shops displayed portraits of Saddam Hussein. And at the end of his official meetings, it was clear that he had failed to persuade President Ali Abdallah Saleh to back the resolution. Declared Saleh: "We don't support the presence of foreign troops in the region."

The Soviets and Chinese were also considering their position on the issue. Last week, Soviet Foreign Minister Eduard Shevardnadze and his Chinese counterpart, Qian Qichen, met for 45 minutes at the western Chinese city of Urumqi near the Soviet border. According to the New China News Agency, the two men agreed that Iraq must withdraw from Kuwait in 30 days. They also issued a joint statement that a UN resolution authorizing military action, indicating that they did not differ on the criteria. Although leaders of both countries condemned the U.S. forces moving too swiftly towards war, some diplomats in China said that the Soviets seemed to be leaning towards supporting a UN resolution, while the Chinese position remained unclear. Still, with

less than no veto, still, a pro-resolution vote by the council's one Arab member would clearly send a powerful message to Iraq.

Meanwhile, controversy grew in the United States and Israel over Bush's decision to meet Syrian President Hafiz al-Assad in Geneva last Friday. Syria has about 3,000 troops in the multinational force and has pledged an additional 15,000, but before leaving Camp David, declared, "I will work with those countries whose very presence enhances our security." Syria remained on Washington's official list of countries that sponsor terrorism. And at the end of his official meetings, it was clear that he had failed to persuade President Al-Sheikh Salih to back the resolution. Declared Salih: "We don't support the presence of foreign troops in the region."

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After a bitter seven-hour debate, the Senate parliament gave preliminary approval to a bill that would ban advertising featuring scantily clad women, and another to end Medicaid's service on the Jewish Sabbath. Left-wing legislators argued that the bills infringe on the rights of the 70 per cent of citizens who are not Orthodox Jews. But the small, ultra-Orthodox Agudat Isroel party demanded that the right-to-life bill be amended to include the measure in exchange for Agudat's earlier agreement to join Lautenberg's civil coalition.

A DEVASTATING DISASTER
In an urgent appeal for \$600,000 tons of emergency food aid, Ethiopia's Marxist government announced that drought conditions meant that four million people with starvation and death. Yemane Kenenisa, head of the Ethiopian Relief and Rehabilitation Commission, said that the most severely affected areas were at the cripplingly parched northern provinces of Harrar and Tigray, where the losses may surpass 1984-1985 tragedy in which a million Ethiopians died.



DESERT RATS. Bush with the troops (above); a mixed response



JON BIEBERMAN with correspondents' reports

World Notes

A GREATFUL SHOUT

Members of the Christian Lebanese Forces, the last sectarian militia in Beirut, began their final withdrawal from the divided capital after 16 years of civil war. The Syrian-backed government of President Elias Hrawi planned to deploy about 14,000 troops to the Christian East and Muslim West sectors to extend its authority over a so-called Greater Beirut.

TURMOIL IN BULGARIA

Facing its toughest challenge since it forced hard-line leader Todor Zhivkov from office last November, Bulgaria's Socialist Party Government yesterday survived a no-confidence motion. An hour of demonstrations called for the resignation of Prime Minister Andrei Lukanov, the spokesman of Deputies of Forces failed to deliver the government over the issue of its austere budget.

A FREE OPPONENT

Hundreds of leftist rebels attacked military installations and troops across Bulgaria in their largest offensive in a year. Government spokesman said that at least 41 people died and 350 others were wounded in a week of fighting. Prosecutor Alfonso Costante accused the guerrillas of "treacherous but left." To be cleared that they had broken secret accords reached in Mexico to speed up United Nations-sponsored peace talks aimed at ending the country's 11-year civil war.

SEX AND THE SABBATH

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THE SOVIET UNION

The Ukrainian factor

Shortages strike the nation's breadbasket

Opposite: the legislature in Kiev last week, about 2,000 demonstrators marched in a disciplined demonstration of support for the local Communists who still rule the former breadbasket of the Soviet Union. Many carried the red-and-blue banner of the Ukrainian-Soviet Socialist Republic. But at the flags of the march, in the splashes of yellow and blue were also visible as hundreds of counter-demonstrators waved the flag of the Ukrainian national movement. Only two years ago, there would have been no such symbolic clash of colors, say leaders of Raich, a nationalist organization with five million supporters that is pressing for full independence from Moscow. Now, as that movement gains strength across Ukraine, even government leaders acknowledge the rising tide of nationalism. "There is no doubt about it," declared Leon Plash, the deputy chairman of the Ukrainian Supreme Soviet. "Ukraine will be independent."

For Soviet President Mikhail Gorbachev, the stepping stone for Ukraine's independence is part of an increasingly chaotic picture of a country that appears split at the seams. Facing severe reprieves and unable to avert mounting food shortages, on Friday the Soviet parliament gave final approval to a resolution that will increase Gorbachev's already considerable executive powers by authorizing the



Ukrainian protesters: a rising tide of nationalism

government to ban. Deputies voted the president to ban a decree to move a power structure within two weeks to ensure reliable supplies of food during the winter. At a news conference later, Gorbachev reiterated his insistence that the country's 15 republics sign a so-called most-favored-nation status of trade agreements if they fail to do so.

On the food front, Gorbachev last week continued to soliloquize, and voices of emergency supplies of basic goods flew about. In Paris, where he attended the Conference on Security and Cooperation in Europe, the Soviet president met for 45 minutes with Prime Minister Brian Mulroney. Mulroney announced that Canada would provide millions of dollars in food aid to the Soviets this winter, not as a gift, but under "favorable" terms. The goods are expected to include sugar, flour and cereals—under existing arrangements with the Canadian Wheat Board. The Soviets have about \$425 million in remaining credits.

For Ukrainians, the extreme shortages of food and consumer goods are shown a personal affront. The vast majority of products one-third of the country's food imports and meat exports come from its eastern neighbor. Plash, the deputy chairman and staunch Communist who expressed his support for such Gorbachev-inspired initiatives as the

switch to a free-market system, declared "Ukraine is as big as France, and that year we produced as much grain—50 million tons—as one ton for everyone living in the republic. But France does not have food shortages and we do." Plash claims that one cause of the shortages is sabotage by members of the still-existent centrally planned Soviet bureaucracy who are reluctant to give up their power. The bureaucrats, he argues, divert food shipments to the Black market or dump them as an effort to subvert privatization.

Like many of their counterparts in the country's other 14 republics, Ukrainians have been taking matters into their own hands. Seven days ago, 1,000 regional government officials meeting in Kiev proposed a moratorium on imports of Western products to prevent outsiders from buying up the republic's goods. And as the struggle for power between the Kremlin and the republics continues, Ukraine and Russia last week forged closer direct links by signing a bilateral trade pact. Under the 10-year agreement, the country's two most populous republics recognized each other's sovereignty and the pledged joint efforts in the fields of politics, science and technology. And they made it clear that they are no longer willing to wait patiently for the fulfillment of Gorbachev's promise to forge a new state treaty refining the federal government's power over the republics. Said Russian President Boris Yeltsin in Kiev: "We cannot sit and sleep here."

The Russian leader also demanded a statement by Gorbachev that other republics should be wary of too much power shifting to Russia, which has two-thirds of the Soviet Union's landmass and much of its natural resources. The from "charming for itself a long role," Yeltsin insisted. Russia showed a desire in its dealings with Ukraine "to build relations as equal as possible." Still many Ukrainian experts concern that a too-close union with Belarus' powerhouse republic would once again result in the eclipse of their homeland's growing nationalism. Since the 17th century, when nobles Ukraine signed a treaty with Cossack tribes to prevent an invasion by Poland, which already controlled western Ukraine, Kiev has enjoyed periods of relative autonomy over competing areas of the empire. Ukraine's 10-century autonomy, including the period between 1415 and 1595 when Ukraine enjoyed a limited independence, have been followed by intense, so-called Russification.

As a result, the coalmining and industrial regions in the eastern part of Ukraine have been densely populated by Russian migrants, who now form one-quarter of the republic's population. Many of those Russians have an emotional attachment to Kiev, and they openly oppose independence for Ukraine. Said Oleg Dina, a Ukrainian student leader and Raich board member: "To lose Ukraine would be like cutting off a limb for many Russians. It is very difficult for them to accept psychologically." In 1993, in the Bolsheviks were struggling to control the terrible slippages that had traditionally served as a buffer between Russia and the

UNEARTHING MASS MURDER

On a construction site adjacent to KGB headquarters in the western Ukrainian town of Zolochiv, a yellow excavating machine sliced the last week in a wasteland of charred earth. Work on a new building halted abruptly in August, when several hundred residents of the town came forward and voiced their suspicion that the site contained the remains of political prisoners killed between 1938 and 1941 by the secret police, the secret police and the precursor of the KGB. In the middle of the building core, local residents of Monastyr, a small town directly adjacent to Zolochiv, the center of Stalinist repression, descended on the site. They easily found 30 skeletons. Many of the skulls still had metal caliper. Seven more bodies, evidence that strongly indicated that the victims had been shot at close

range by NKVD agents. Seit Larisa Sypanchuk, an archeological researcher in the area: "No one had bothered to ask the NKVD where they buried the dead. Now they are afraid of what we will find next."

Over the past year, similar evidence of Soviet atrocities has been uncovered across western Ukraine. Those guilty had helped fuel an already strong nationalist movement in the region. The western part of the current republic, long under Polish rule, retained the Polish name in 1939, when Stalin and Adolf Hitler carried out their infamous second and final partition of Poland. Following that partition, the Ukrainian nationalists, the so-called Uniates, were persecuted down to rural middle-class residents and educated members, teachers and others, whom they suspect of harboring anti-Communist feelings. They publicly tortured and killed many of them. Others remained alive until June, 1941, when the Soviet secret police finally killed those political prisoners just before the Nazis invaded the country.

In Zolochiv, a short distance from the site of the pre-war headquarters, Sypanchuk organized at the previously troubled attraction, a 17th-century fortress, which also served as a prison till 1942. And it was there, any local residents in the castle that preceded the Nazi invasion, that they saw the bodies of about 400 prisoners, some still naked and later buried in the basic cemetery of what is now an overgrown ruin.

Last September, in a small ceremony on the outskirts of town, the residents of Zolochiv honored 611 victims of 1930s terror whose bodies were buried in mass graves around the area. The inscription on the plaque, inscribed in simple and direct "Killed by the Bolsheviks," in memory. This is both a reminder of past injustice and a stirring memory for independence.

HALIMON GRISHA in Zolochiv

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West, Soviet founder Vladimir Lenin referred to another people of ethnicity to express the same sentiment: "For us to lose Ukraine," he said, "would be the same as losing our head."

Still, even in such eastern cities as Kharkov, as well as in Kiev, Ukrainians now take renewed pride in speaking their own distinctive language instead of the Russian that once prevailed across the republic. But nationalism is strongest at far around Lviv, a picturesque university city of about one million residents in the rolling countryside of western Ukraine. There, in a act forcing a re-appraisal that Soviet dictator Josef Stalin wreaked from Poland in

1939, Ruth consolidated its power base last spring when it captured 166 of the 200 seats in the Lviv regional parliament.

In September, the newly installed local authorities sent a clear signal of their attitudes towards Soviet orthodoxy: they dismantled a massive statue of Lenin that had dominated the city's main square. In doing so, they discovered that the leaders had used Polish and Jewish gravestones to provide a firm base for the monument. That grisly discovery only bolstered Ukrainians' desire for independence, and increased public calls for such measures as a ban on Soviet induction of local military

drafts. Already, nationalist sentiments have prompted the republican parliament to pass a resolution that demands that Ukrainian scripts serve their two-year terms within the republic.

But the most controversial nationalist measure has been the Ukraine-wide rationing system. Without the pro-blue government-owned coupons, Ukrainian workers, students and pensioners cannot use rubles to purchase steady scarce food and many other consumer goods. Some nationalists, including Igor Yatsenyuk, the leader of the opposition People's Council, which comprises one-third of the Ukrainian legislature, defended the measure. He claimed that it was an necessary step towards the issuing of a separate Ukrainian currency. "Any climax down of a system eventually leads to disorders," said Yatsenyuk, a physics professor from Lviv who, like most of his colleagues, still adheres to Communism; party membership cost me added. "But as in the Soviet Union, this will prevent Poland and Russia from coming here and buying our wheat."

In the food shops and department stores of Kiev, however, lines formed last week for items ranging from meat to sherry-scarce cognac. Customers throughout the department store complained that the coupon system had simply added another complication to their lives. One woman, a member of a slowly moving line of customers waiting to buy rubber-for hats, pointed to a cash desk where two clerks were on duty, one to accept money and ring up the purchases, the other to clip out the required number of coupons. Another large crowd pressed around a counter where Christmas decorations were on sale. Said Vasyly Klyuk, a 25-year-old factory worker: "We have coupons, but we do not have more goods as promised. The coupons have value it is necessary to spend more time standing in line, and the queues are as long as ever."

In another shop, Oleg Golubov, a 65-year-old retired military officer, said that he had to come to the store twice a day to ensure that his name was on a list for a drawing for a copy of a new edition of the Soviet Encyclopedia. He said confidence was great at \$1,700. Commented Golubov: "During the second war of independence, when General Brusilov was attacking things, there were infections for sale."

But during the Bleakness years, and much of Gorbatchev's tenure as well, the Kremlin firmly suppressed Ukrainian nationalism. Leo Taupik, a 50-year-old theater director, recalled that during the 1960s, local legislators persecuted many of his nationalist colleagues for anti-Soviet activities. Taupik himself moved to Moscow, where, in 1985, he successfully played a play blind with anti-Sovietisms surreal references. But he eventually returned to Kiev and last March, he was a seat in the Ukrainian legislature. Now, according to Taupik, he and fellow members of Ruth are waiting again—for the falling Soviet economy to demonstrate that separation from Moscow is Ukraine's best hope for progress.

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A historic signing

East and West reach a unifying peace accord

In the spring, experts throughout Europe will begin one of the biggest demobilization jobs in history. Under the watchful eyes of inspection teams, they will start to destroy

thousands of pieces of military hardware. Altogether, over a three-year period, about 62,000 tanks, armoured combat vehicles, artillery pieces and helicopters will be systematically

scrapped, cut up, bent out of shape, filled with concrete or turned into blemished armchair pieces as a result of the cost of reaching arms control agreement in history. Leaders of the 22 member states of Nato and the Warsaw Pact, whose 40-year hostile stand-off made Central Europe the most heavily militarized area in the world, concluded the deal last week in Paris and mutual congratulations that they had finally eliminated the tensions that had so long divided them. Said Prime Minister Béla Márczán: "This assault ends the Cold War—finally, forever and we hope, forever."

The agreement, called the Treaty on Conventional Armed Forces in Europe, was the centrepiece of a summit of all 24 members of the Conference on Security and Co-operation in Europe (csoe). The csoe provides for drastic cuts in conventional weapons in a number of areas from the Atlantic Ocean to the Urals mountains in the Soviet Union. But even as the summit ended the alliance of an era of war in Europe, and took some time to reflect at a glimmering half-and-half victory, in the Palace of Versailles the leaders were privately talking war. Behind the scenes, President George Bush discussed possible military action against Iraq with the Soviet Union and his European allies. And the leaders' hopeful vision of a peaceful Europe was clouded by the growing prospect of dangerous political and economic instability in Eastern Europe and made the Soviet Union shudder.

But despite those concerns, last week's summit was plainly a milestone in postwar history. After the 22 nations and Warsaw Pact leaders concluded the arms control treaty, all 24 csoe leaders signed another document, the 10-page Charter of Paris for a New Europe, which sets out a vision of a continent that respects human rights, democracy, freedom of religion and economic liberty. Said French President François Mitterrand: "We 24 states share from now on a common vision of the world, a common heritage of values."

Such a wary assessment seemed scarcely conceivable just a year ago, when the csoe adopted another pro-democracy statement of principles, the Helsinki Final Act. At the time, Communist regimes still prevailed in Eastern Europe and prof only lip service to democratic ideals. And there was little open optimism in March, 1989, when negotiators from the 18 NATO countries and the seven Warsaw Pact nations began negotiating the arms control treaty in Vienna. Although democratic reforms were then starting in Poland and Hungary, the rest of Eastern Europe was still in the grip of hard-line communism. A senior Canadian official involved in the negotiations and last week that, when the talks began "only cockeyed optimists would have suggested that we would be sitting here signing this."

But the birth of anti-Communist governments in the East overthrew all their assumptions. East Germany, once the Warsaw Pact's most fractious state, ceased to exist; and the new leaders of Hungary and Czechoslovakia pressed the Soviet Union to withdraw its armies and troops from their countries faster than

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in NATO negotiations had supported. Last week, with the Warsaw Pact all but collapsed, and Eastern European leaders and that seemed to press for its formal dissolution. Czechoslovak President Vaclav Havel, a dissident who was apparently approached in advance of the democratic winds of the Solidarnosc declaration, said that the alliance was "a typical Stalinist product." He added that its military functions should end this year. And George Prime Minister Jozef Antal added he had invited the other Warsaw Pact nations to a summit in Budapest on Dec. 9 to determine if that dissension

however, the anti-war speech, which included a suggestion pact, will eliminate the most dangerous source of military tension on the continent—the possibility of a surprise attack either side. It sets limits on the numbers of tanks and aircraft types for each side—30,000 tanks and 10,000 aircraft. The Warsaw Pact will have 10,000 tanks, 30,000 aircraft, 10,000 armored vehicles, 6,000 ground assault and 100 attack helicopters; Germany has 96,000 weapons, while the Warsaw Pact has 15,000. The Soviet Union itself must make deeper cuts by 25,000 pieces of equipment. It has already moved thousands of guns to locations east of the Urals Mountains, while the area governed by the treaty, although Western officials say that they do not consider that as a serious threat.

Western nations, by contrast, could actually use their stockpiles of heliographs and aircraft still available within the accord's limits. The agreement will not affect Canada's modest contribution to NORAD's defense, including 77 F-101s and 54 fighter-bombers. After a 130-day transition period, the treaty sets out detailed contours for the destruction of excess weapons over the next three years.

But wider concerns tempered enthusiasm for the treaty. As winter approaches and more European countries face growing food shortages, last year's revolutionary euphoria gives way to grave doubts about the future, not least at the political sphere. President Ronald Reagan told the delegates, "As possible from freedom in the economy... Some leaders were already warning of a flood of immigrants, fleeing economic and social turmoil in the East, only won't mention West. Mitterrand said that European could face future conflict only by avoiding a "newism between loves and hovemans".

and disrupt the apparent end of the Warsaw Pact threat, Western leaders insisted that it must retain its defensive role. Soviet General Military Counterpart and some East-European leaders argue that the crisis made right both military strategy as a early warning framework as well as External Affairs Minister Joe Clark reflected the general Western view when he commented: "we're at a moment that we know works. It's not something we're building." As Europe enters a new period of volatile change, Western leaders are clearly reluctant to give up their hard-earned gains.

ANSWERING TO THE PUBLIC

STEPPING OUT



BRITAIN'S IRON LADY FALLS VICTIM TO A POLITICAL COUP AFTER 11½ YEARS IN POWER

It could almost have been a routine day in Britain's House of Commons. There was Margaret Thatcher last Thursday afternoon, eyes twinkling and finger stabbing the air as she defeated her record and encouraged her political opponents with well-practiced expertise. "I'm exerting, then. I'm expounding," she chuckled at one point. Thatcher's vigor and skill seemed unimpaired, but an opposition that suddenly called out with a sharp reminder that it was far from an ordinary session. "Why have they sacked you?" he shouted. Only six hours earlier, Thatcher, 65, had bowed to overwhelming pressure within her own cabinet and abruptly announced that she intended to resign as prime minister. With that, she set in motion a process that within a week would have her stepping off of 10 Downing Street, a new prime minister emerging—and a political age formally ending.

Thatcher's resignation after 11½ years of turbulent rule was the stuff of both high drama and low politics. Throughout the 1980s, she destroyed her party and her country like no other leader since Winston Churchill, preaching the message of medical conservatism that bore her name. But in barely 36 hours last week, she suffered a staggering rebuke in a leadership contest from her once-faithful members of Parliament and was forced to abandon her campaign to fight on ahead of the October 11 election. She returned to what amounted to a political exile, and her new government, which she had elevated in power, had to tell her that she did not have enough votes. To express despair, At 9 a.m. last Thursday, she told her cabinet that she would step aside and open up the leadership race in other constituencies. Some of those present later said that she had reflected sadly on having to quit, despite winning three consecutive elections, and declared, "It's a funny old world."

Fever. For nearly all Britons, the development was a stunning come-up. For more than a year, Thatcher's government had trashed the opposition Labour Party in opinion polls, and the idea that the Thatcher era was drawing to a close had become commonplace. But Thatcher as domineering the political scene by sheer force of personality that all the early signs of her decline hardly softened the shock (page 40). On the evening of her announcement, hundreds of people gathered outside the till was gone of Downing Street, waiting for a glimpse of her black Butler limousine as it flashed past, taking her to see the Queen and then to



Oppositionists in London's subway system block the news to consumers.

But Thatcher had become deeply unpopular in recent months, and there were plenty more cheers than tears as her going. Kirby Dickson, a 29-year-old pensioner, shook a handclasp outside Thatcher's official residence and told anyone who would listen, "It's the best news I've had in ages." An old man walking his dog on a London street exclaimed to no one in particular, "We've gotten rid of the bitch!"

For Thatcher herself, it was a humiliating

end. For months, her government had launched drama one disaster to another, and a growing number of Conservatives had longed for her to step down gracefully and let the party choose a new leader. But Thatcher had dismissed their appeals and vowed to fight—and win—an unprecedented fourth election victory. Her confidence did not appear to waver even when her archrival in the Tory party, former defense minister Michael Heseltine, announced on Nov. 24 that he would challenge her in last week's leadership vote. So assured was Thatcher of retaining her party's support that

two MPs supported her, while 152 backed Heathcote and 16 abstained. It was a majority, but not enough for an outright victory under the Tory party's complex voting rules, and it was a clear sign that she no longer had the confidence of her party.

Contest. Thatcher immediately announced that she would contest the second round of voting this week, but she was fatally wounded, and her fellow political leaders at the Conservative party's annual meeting privately agreed that it might well be her last time that they would meet her as Britain's leader. At the summit's closing session on the

morning after the vote, Dutch Prime Minister Ruud Lubbers and Canada's Brian Mulroney, among others, gently patted her arm in gestures of sympathy. Mulroney and others "There was sadness for her and good wishes for her."

Thatcher cut short her stay in Paris and made her way back to London, but by then her remaining support was rapidly slipping away. Some 150 who had voted for her on the first ballot on

of loyalty announced that they were rethinking their position in light of Heathcote's surprisingly strong showing and opinion polls demonstrating that he would decisively improve the Conservative's popularity. Other MPs voiced concern that even if Thatcher managed a narrow victory over her rivals, their party would be so fatally divided that it would not be able to recover its lost popularity and defeat Labour in the next general election, which must be held by July 1992. However, none of that appeared to have any effect on Thatcher, who replaced her campaign manager and deflated

declared: "I fight on. I fight on."

But behind her public determination, Thatcher's will to continue was rapidly fading reality. Throughout Wednesday, she consulted senior party figures, known as "Tory purists" as the "men in the grey suits." That evening, she met her cabinet ministers one by one in her office at the House of Commons. She asked them to briefly assess her chances. According to later reports, all but two of the 19

different—more collective and communal—than herself “convinced politics.”

If the style cannot replace substance it is certain what lasting changes Thatcherism has wrought. Her supporters say that her enduring legacy will include privatization of many state-owned enterprises, cuts in trade union power and the spread of so-called popular capitalism through wider ownership of business and company shares. They also credit her staying Cold War ties with helping to part the Iron Curtain. Until about 18 months ago, they could also conveniently cite other important gains: bringing inflation down to a low of 3.4 per cent by mid-1985 from 20.5 per cent in 1979, making British business more competitive internationally, and dramatically improving Britain's standing in the world.

Assault. The new Conservative leader Neil Kinnock tends an opinion poll

more easily as well. Most Britons remain willing to tolerate her radical measures for the sake of the 1980s because they saw them as necessary to shake the country out of its collective malaise. But the public mood has gradually overtaking the capital city.



PAUL ELLIOTT

Established markedly by the closing years of the decade, Britain paid increasing attention to the decline of their roads, hospitals and schools through lack of public investment. They grew more openly concerned about the increasing numbers of homeless people sleeping in the streets of central London, and the fifth and

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ANDREW PHILIPS in London

THE PROBLEMS OF PEDIGREE

As recently as mid-October, Douglas Hurd had firmly cast out any future fight for the leadership of Britain's Conservative party. At 60, he said, "I've got 10 more years of active life and I've got other aims for it." But when Margaret Thatcher announced her resignation last week, Hurd neatly entered the fight to succeed her. A cabinet minister since 1984, Hurd has been foreign secretary since October, 1985, and he has earned a reputation as an encyclopedic and reliable minister. His political bearing and long-sought pedigree—both his father and grandfather were Tory MPs—have led some analysts to label him the candidate of the party establishment. Hurd himself rejects the label and insists that he does not even know who the establishment is.

His background is still closer to that of a traditional Tory than to the less-prepared Conservatives favored by Thatcher and her closest supporters. He attended the exclusive Eton College, where he was acclaimed



Hurd with Joe Clark: traditional Tory

"Mild, Hurd" for his enthusiasm among younger peers. He went on to Cambridge University and then entered Britain's foreign service, spending 24 years as a diplomat in Beijing, Paris and at the United Nations. In 1966, he went to work for the Conservative party, later serving as political secretary to Tony Travers Macmillan, Edward Heath. He was a seat in the Commons in 1974. Along the way, Hurd, who has three sons by a previous marriage and a son and daughter with his second wife, Julie, wrote seven political thrillers, five of them in collaboration with other authors.

As a former ally of Heath, whom Thatcher defeated in the 1975 leadership contest, Hurd languished in political obscurity for nearly a

decade until the government named him Northern Ireland secretary in 1984. As a post, mostly widely regarded now with derision as the party, people saw Thatcher derisively called the "Iron Lady." The most explosive news week that Hurd is a prominent politician should bring him a decided advantage over the party's left-wing leaders, whom Still, as a member of the House of Lords, Thatcher transformed the Conservative party into a more middle-class opposition that some observers now hold Hurd's Iron-and-Castbridge background against him. Thatcher sought to break the grip of old-line upper-middle-class Tories and succeeded in creating a climate in which elevated social standing can actually be a handicap. Last week, Hurd attempted to counter his image as a child of privilege. He said that although his father was as poor as was later accorded to the House of Lords, he was also a tenant farmer. "We weren't poor," he said. "But there'd be no way he could have sent me to Eton if I hadn't been a scholarship." If they had been poor, Hurd's campaign for support might have been much easier.

4 PM London

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LIFE AT THE TOP

THATCHER RELISHES HER HARD-EDGED IMAGE

A chronology of the key events in Prime Minister Margaret Thatcher's political career

Oct. 8, 1959: Thatcher is elected to the House of Commons in the north London riding of Finchley after two failed bids June 26, 1970. She is appointed education secretary in the cabinet of Conservative Prime Minister Edward Heath.

Feb. 11, 1975: She defeats Heath in a contest for the leadership of the Conservative party, then in opposition. May 3, 1979: The Conservative wins the election. Thatcher becomes Britain's first woman prime minister. The next day, April 2, 1982: Argentine forces invade the Falkland Islands. Thatcher sends a naval task force to reclaim the British colony. The 10-week war claims 255 British and 750 Argentine lives.

June 9, 1982: Following a wave of popular support following the Falkland victory, Thatcher is elected to a second term. March 12, 1984: The National Union of Mineworkers goes on strike to protest plans to close 20 unprofitable mines, beginning one of the longest and most violent strikes in British history. One year later, the miners' vote to return to work without a settlement marks a watershed in Thatcher's effort to curb union power.

Oct. 12, 1984: The Irish Republican Army bombs the hotel in Brighton where the Conservative party is holding a conference. Thatcher is unscathed but five people are killed. Jan. 9, 1986: Defence Secretary Michael Heseltine resigns following a clash with Thatcher over foreign takeover bids for the Westland jet helicopter manufacturer.

June 11, 1987: Thatcher becomes the first British prime minister in more than 160 years to win a third consecutive election.

Nov. 28, 1990: Thatcher fails to defeat Heseltine outright in a party leadership election. Two days later, she resigns.

Thatcher in a salesroom (top), with Gorbachev (right) in her kitchen (below); 'not too warm'



TOP: PAUL DURRANT/THATCHER LIBRARY



BOTTOM: PAUL DURRANT/THATCHER LIBRARY



Over the years, Margaret Thatcher has honed her reputation as a "tough, uncompromising leader." When the Soviet news newspaper *Red Star* described her as a "Iron Lady" in 1975, she was too firm-angled. "Mild?" Of course not, she responded. "I am an iron lady." Other examples:



Thatcher in the mid-1970s (left) with Chancellor Denis Healey (right)

"You're more alert if you've not had too much to eat and you're not too warm. The blood goes to your brain and not to your tummy... — creating the most intense low-energy level"

"What's women's lib ever done for me?"

—explaining why she was not concerned that feminist groups did not support her 1989 election campaign

"For those waiting with bated breath for that favorite media catchphrase, the U-turn, I have only one thing to say: Yes, I am if you want to. The lady's not for turning."

—on her economic policy in 1980

"Occasionally we disagree, but only when you are wrong, Prime Minister."

—an off-the-cuff remark from Ronald Reagan over their joint visit to Downing Street, in 1982

"We can do business together."

—as Soviet leader Mikhail Gorbachev in 1986





Thatcher and Mitterrand in Paris: barely disguised satisfaction over her fate

THE VIEW FROM EUROPE

THATCHER'S EXIT MAY HASTEN UNITY

Throughout the 1980s, European Community leaders struggled against Margaret Thatcher's attempts to stop Europe's march to unity. Instead, the British prime minister helped to pull Thatcher and, last week, leaders as the continent grappled the announcement of her resignation with barely disguised satisfaction. In the EC's Brussels headquarters, some officials downplay the impact in the slowdown of the British prime minister. EC leader Jacques Delors, touchingly Thatcher's main target of criticism, poised his words carefully, noting his "greatest esteem" for her. Just as diplomatically, French President François Mitterrand said that she symbolized "an important era in the history of our country and of Europe." But other European leaders, including German Chancellor Helmut Kohl, remained pointedly silent. And one even tried to make good room to offer a true reading of the European leadership's collective opinion: Belgian Prime Minister Pierre Mauroy told *Le Monde* that he hoped Thatcher's departure would mean that "we will be able to advance more quickly at the construction of European union."

Early in her 13-year term of office, EC leaders openly admired Thatcher for her strength, clarity and extraordinary presence. But as her defense of British sovereignty grew more shell in recent years, her colleagues began to express increasing concern for what they called her provincialism, belligerence and damaging lack of sense. Sir Alfred Dösser, a leading Christian Democratic member of the German parliament, "She totally refused to recognize the European reality." The most unflattering praise of Thatcher came from a politician no longer in office: former French president Valéry Giscard d'Estaing. Said Giscard: "Margaret Thatcher was, with Winston Churchill, the greatest British prime minister in the last 50 years. The Iron Lady was also a great lady."

In fact, most political analysts say that Thatcher performed valuable services to Europe before her increasingly controversial opposition to integration cost Britain an influence in the 12-nation EC. She could often act through

the heart of complicated issues, forcing the EC to deal with the practical details behind the grand idea of European unity. She forced a drastic overhaul of the Community's budget, insisted on reforming the EC's extravagant Common Agricultural Policy and demanded that aid to the emerging Eastern European democracies be conditional on their adopting political pluralism and a market economy. In fact, many analysts and law books note that almost every EC country faced at some point losing either Thatcher's scars, letting the Iron Lady take the criticism for obstructing legislation that they secretly opposed in well-

disguise.

But her ability to influence the Community may have been limited by her opposition to United Europe. The rupture became final in September, 1986, when, in a famous speech at Bruges, Belgium, she declared: "We have not successfully rallied back the fragments of the state to Britain only to see them reassembled in a Europe divided, with a European super-state exercising a new dominance from Brussels." That speech amounted to a declaration of war, causing Thatcher's isolation from her European peers. "From that moment," said Peter Ludlow, director of the Brussels-based Center for European Policy Studies, "she became obsessed with defending British sovereignty to the exclusion of other issues." Added Ludlow: "She became so predictable in matters touching on political and economic issues that, in the end, nobody in Europe listened to her."

Despite Thatcher's departure, it seemed unlikely that a new British leader would approve political and economic union and the central bank and single currency that Thatcher opposed. The three candidates acceptable, Michael Heseltine, Douglas Hurd and John Major, were well known to the EC, and Heseltine was not a major political force in his home with Thatcher over her European policies. Most European leaders expected that Britain would continue to defend its interests strongly, although with more tact and flexibility. Predictions of one major tilt off were, "It will, in turn, be a softer merger with essentially the same song and dance [as Thatcher]."

The first test of the new leadership's approach will take place on Dec. 14, when EC leaders meet in Rome to discuss political union and monetary moves towards a single European currency. Some observers say that the road to unity may still be bumpy even without Thatcher. In discussions almost every move towards European integration, she had welded the other EC members together into what looked like a grand proxy confederation. But now, with a Brussels-based EC analyst last week, on condition of anonymity, without Thatcher there to put her foot down, the 11 might suddenly discover they don't agree on as many points as they imagined. "Thatcher had guaranteed that European unity was a pipe dream, and Europe may now feel not whether she—or her continental adversaries—will be proven right."

PETER LEWIS / *Time*

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THE WAGES OF GREED

A DETERMINED JUDGE SENTENCES JUNK BOND KING MICHAEL MILKEN TO A 10-YEAR PRISON TERM

The large crowd gathered outside the New York City Federal Court house was a clear indication that the proceedings inside would be controversial. Standing in the dock was a heavily media-savvy convicted criminal whose name just a few years ago was synonymous with daring, wealth and corporate success. But as he awaited sentencing last week, Michael Milken's name was more closely associated with a malignant popularly abominated—greed. More than any other individual, the 44-year-old Milken was responsible for igniting the debt-charged economic boom of the 1980s. His creative use of high-risk, high-yield securities—which he named “junk bonds”—lured hundreds of U.S. companies to finance expansion and expansion. But a 4½-year investigation by the U.S. Securities and Exchange Commission (SEC) concluded that Milken had manipulated stock prices, concealed the ownership of securities and committed a raft of other crimes. And last week, ignoring his terms and plea for leniency, federal district Judge Rudolph W. Fairbanks Jr. handed Milken a prison term of 10 years as a price.

Milken gave every indication of regarding the magnitude of his crime. He admitted what I did violated not just the law, but also my principles and values, and will regret it for the rest of my life. I am truly sorry.” The 300 spectators in the courtroom, Milken's relatives and friends, who packed Wood's courtroom seemed stunned by the decision. And some of those in the crowd outside complained that the sentence was excessive. But Martin Klein, a New York lawyer and close friend of Milken’s, “This is clearly way out of proportion to the crime.” Standing nearby Lee Sosin, a former prosecutor, offered a different view. Declared Sosin, “This sends a very clear message to Wall Street: that this sort of questionable abuse will be dealt with very harshly.”



Milken entering courthouse: “I will regret it for the rest of my life”

Throughout North America, many corporate executives and those Milken had born made a seagull-like flight from Wall Street. Roger Staus, chairman of Chicago-based Stone Container Corp., which used many of Milken's revolutionary financing schemes in the 1980s, was among many who applauded Milken's achievements as one of the world's most influential financial leaders. Said Staus: ““Being able to finance creativity and ability to reduce costs, was pretty beyond the whole.”

But other analysts said that Milken's success marked the end of an era of unregulated greed. State Senator John Kenneth Galbraith “This will send a chill through Wall Street. A lot of people will probably be staying up nights wondering if they are

safe.” Indeed, Wood said that she would consider reducing Milken's sentence—if he turned over information that helps to uncover other violations of securities regulations.

To a large extent, the SEC investigation focused on Donald Bartholemew Lambert Inc., the now-bankrupt Wall Street investment firm that employed Milken as head of its high-yield bond division. In 1986, inc. investors charged Doncorp's managing director, Dennis Levine, with insider trading in a case also involving Ivan Boesky, a New York stock speculator. Levine was subsequently sentenced to two years in jail. Boesky, meanwhile, paid \$130 million in fines and penalties and was sentenced to three years in jail—a sentence that would likely have been much steeper if he had not agreed to provide damaging evidence about other stock traders, including Milken. Boesky, who served two years in prison, is now trying to re-establish himself as an investment dealer in Wall Street.

While Milken made millions of dollars legitimately selling junk bonds, he also admitted to breaking the law several times. In April, he pleaded guilty to violating postal stamping laws, paying bribes to accountants, managing and embezzling pension fund money. In

California at Berkeley in the mid-1980s, Milken started the use of high-risk, high-yield bonds—they known as “jumbo angels.” At the time, most of those securities were issued by companies that had financial problems and could not raise money from banks or other conventional lenders. Milken concluded that although high-yield bonds had a higher default rate than normal securities, they often proved to be better overall investments than blue-chip bonds because their purchase price was so low.

Milken put his plan to work after joining Drexel in 1970. By 1984, he was earning nearly \$300 million a year. In the financial world, his achievements were legendary. He usually arrived at his office carrying two large stacks of documents. Sitting behind X-shaped desks, he would talk with visitors to describe their corporate dreams. If they showed them how to measure those visions into reality—usually by creating partnerships, including conservative pension funds and insurance companies, in high-yield bonds—issued by his clients. As well as helping companies expand, Milken's bond-fund vehicles also helped insipre nuclear radiation energy assets like over-huge companies.

Relatively few junk bonds have ever been issued in Canada. Between 1983 and 1984, Toronto-based developer Robert Campeau sold \$3 billion in junk bonds primarily to U.S. investors, to help finance his purchase of two giant U.S. retail chains, Allied Stores Corp. and Federated Department Stores Inc., for \$3.5 billion. Last year, Campeau's empire collapsed—earlier this year when he could not make debt interest payments on the almost \$10 billion in debts that he has since spurned the deal. Last January, when Campeau went into bankruptcy, his junk bonds, with a face value of \$10,000, were trading for \$10. Since then, the market for junk bonds has virtually dried up.

Roger Staus was among those executives who began to do business with Milken in the early 1980s. Staus recalled that at first he could not fully understand Milken's complaints about bond prospectus, but that he was captivated by his direct and determined. He added that Milken's main achievement lay in exposing the use of high-yield bonds by convincing large institutional investors to buy them. That allowed firms like Staus', which undertook smaller investments, to raise money and expand.

Whether those bonds were risk-free investments may soon be up to a court.

Under the new rules, Milken's \$100 million in civil liabilities may be thrown out. Drexel's legal team argued that Milken's lawyers argued that there cited was a distorted view of his overvalued reputation as a harbinger of financial trouble. Drexel's legal team, however, argued that Milken's exaggerated reputation for success was “grossly distorted.”

There was little in Milken's background to suggest that he would become one of Wall Street's most notorious figures. As a child in a middle-class Los Angeles neighborhood, he showed a remarkable aptitude for mathematics. At 10, he was helping his father, an accountant, prepare income tax returns.

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As a business student at the University of

Business Notes

BUSINESS FAILURES SOAR

The deepest recession pushed the number of personal and business bankruptcies in Canada up by 65 per cent in October from the same month a year ago. Ottawa reported that 1,149 companies and 4,773 individuals in the six months applied for protection from creditors. Meanwhile, total sales in September dropped to \$12.6 billion, 4.2 per cent lower than a year earlier. After accounting for inflation, the drop was a record since 1982.

PETROCAN PAYOFF

The federal government expects to raise at least \$4.3 billion by selling its shares in Petro-Canada. Although parts of the sale have not been finalized, Federal Privatization Minister John McDonald said that 15 per cent of the Crown corporation's stock will be sold this spring.

INTEREST-RATE REBELLION

The longstanding Bank of Canada rule fall on 13.25 per cent from 12.35 per cent, triggering a series of cuts in chartered bank prime and mortgage lending rates. The Bank of Montreal cut its prime rate to 12.25 per cent from 13.75 per cent—the second time in two weeks that it has led the way in slashing the rate it charges on the almost \$100 billion in debts that it can spot-prices the deal. Last January, when Campeau went into bankruptcy, his junk bonds, with a face value of \$10,000, were trading for \$10. Since then, the market for junk bonds has virtually dried up.

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ADDING TO THE JOBLESS

General Motors Canada Ltd. will temporarily add 1,600 employees at two automobile assembly plants in Oshawa, Ont., from Dec. 18. GM makes larger sales for the layoffs, which account for nearly one-third of its Canadian workforce. The two plants are scheduled to resume full production on Jan. 2.

BRITISH SELL-OFF

Analysts expect Britain's most unloved company to sell its core asset, setting the country's 400-billion-euro electricity industry free. It will be a success after investors were promised an 8 per cent dividend on their shares.

CAMPFIRE MARRIAGE FOR SALE

Relegated developer Robert Campeau plans to break his 24,000-square-foot Toronto mansion up for sale. A select number of real estate agents were invited to bid on the 14,000 sq ft plus garage and guest house. The asking price is \$100 million. If that happens, he will be forced to defend the business practices that have been his stock-in-trade since university and that have made him one of North America's most notorious financiers.

TOM PENNELL with JAMES BLACK
in New York



Danger lies south of the Rio Grande

BY PETER C. NEWMAN

The house organ of American capitalism, *Barron's* West, shrewdly proclaims the birth of "THE NEW NORTH AMERICA"—population, 358 million, gross national product, \$46 trillion! It would be the world's most interconnected trading bloc—merely giving a trillion dollars or so, when its commercial flows are calculated in Canadian dollars. The magazine celebrates the vision of a new trading bloc "stretching from Anchorage to Acapulco," with new trade and financial flows "touching off a decade or more of rapid economic growth fuelled by a surge of investments to restructure industry on a continental scale."

The advantages for Mexico of a North American common market are obvious. President Carlos Salinas de Gortari, the Harvard-trained economist determined to reform his generally underdeveloped economy, faces the dilemma of a nation that grows by 2.5 million, to 109 million, in the next five decades. His only hope of providing than jobs at no cost is to attract capital investment south of the Rio Grande, the last is heavily wages plus benefits that average \$1.68, less than half the going rates in Taiwan or South Korea. Salinas rightly regards free trade as the best chance of keeping his citizens from moving north. "To us," he says, "free trade means more generation and less immigration to the United States. We want to export goods, not labor." When Mexico hosted a test run to the 1994 Olympics in Los Angeles, the pique explanation was that every Mexican who could run, jump or swim was already in the United States.

The United States has ever better reasons for seeking a free trade deal with the Mexicans. As well as the overwhelming advantages of tapping a cheap and easily accessible labor pool, free trade would give American manufacturers an extra measure of the political guarantee they demand. In the past four years, U.S.-Mexican commerce has tripled to \$70 billion, and a comparison of per capita annual

A new trade deal would stop Canadian manufacturers from fleeing to the United States. They'll move to Mexico instead

grosswages, our already tattered secondary-manufacturing sector will become terminally miserable under the proposed arrangement. At least a North American trade deal would stop our manufacturing plants from fleeing to the United States. They'll move to Mexico instead.

Canada's main beef point for any North American trade deal will be the continued autonomy of the U.S. Customs Service. Once free trade with Mexico is in effect, there would be little reason for any car manufacturer to stay in Canada, no matter how kindly the company has treated here. Hold a dozen Canadian auto-parts manufacturers have already opened Mexican plants and others are in the process of moving there. The wage differentials in what remains a labor-intensive industry are just too wide to be bridged. Unfilled assembly-line hours in Ontario average \$14.71 an hour, compared with Mexico's \$1.80.

Ford recently shifted some of its car-seat production from St. Thomas, Ont., to Mexico, throwing 140 people out of work, and the trend will continue. Car manufacturing has almost overnight become Mexico's dominant growing industry, and General Motors is the country's largest private employer. Chrysler assembles complete cars there, and Ford has just spent nearly \$2 billion for a new assembly line to produce Mercury Tracers for the U.S. market. Nissan is investing \$1.3 billion for a car plant, sets a dozen Japanese parts suppliers opening lesser operations in the same state. The Japanese consider the cars to be of high enough quality to ship back to Japan. Volkswagen's while North American production has been concentrated at Puebla, just east of Mexico City, where a new factory is planned to supply its fleet to the entire South and Central American market.

What has frustrated the Auto Pact as an important protection for us is that under its terms cars with less than three-quarters Canadian or American content are considered imports. That makes them subject to both tariff and non-tariff barriers. But if the "North American content" rule is widened to include Mexico, the high-cost Canadian car- and parts-manufacturing plants will be left out in the cold. Dealing with our new trading partners may prove to be tricky. "Mexico is a chaotic society," says Ted Robins, an ex-patriate Canadian essayist who has spent a lot of time there. "It's a term from the Natural Justice which means 'town brother,' and the basic principle underlying social relations is this one of reciprocal interchanges between parties through which personal and collective security exists in the creation of personal and economic support networks. On a personal basis, it means Mexican states deep and intense friendships, fierce loyalty and, within the network, unstructured generosity."

With all its benefits that to us, we should stay out of any free trade arrangement with Mexico. Facing the dangers of a North American common market, the Canadian government, led by Prime Minister Brian Mulroney at the time the Mulroney government was negotiating free trade with the Americans, because of the misgivings of

PEOPLE

Double the pleasure

Through actress Julia Roberts got the credit. To some of her characters a body in the second movie *Pretty Woman* actually belonged to a double, ageing actress Shelley Michelle. Sad Michelle, 25: "Julia wasn't comfortable with some of the camera shots. She didn't mind that I did it. She was happy someone could make her look so



MICHAEL O'KEEFE/ICON



Recycled classics

Canadian singer-songwriter Joni Mitchell's 25-year career has inspired a new cult in Los Angeles, audience critics are responding enthusiastically to *The Joni Mitchell Project*, which features such Mitchell trademarks as Bob Dylan, Neil Young and Mr. Los Angeles Times reviewer Sylvie Bruylants called the show a "celebration." And Mitchell, 47, received a standing ovation when she wrapped a recent performance. Rives for screened music.

Mitchell: creation for a celebration

THE 'WHITE ZULU' UP NORTH

Pop revisionist and anti-apartheid activist Johnny Clegg often crosses the color barrier in his native South Africa. The man known as the "White Zulu" has been arrested several times simply for dancing with blacks. And when he married last year, he had a traditional Zulu wedding for which he and his wife executed intricate Zulu dances. Clegg, now on a Canadian tour, says that he prefers performing his political songs for white audiences. Said Clegg: "There's no point singing One More, One More for blacks—the issue is obvious to them."

Seen, not heard

After selling seven million copies of pop duo Hall & Oates' record-breaking debut album, producer Frank Farian admitted that the voices in the album were not those of the lead singers, Bob Daldas and Paul Maroon, but of Paul Platow, 25. "We're happy it's over. You're doing something here, but that you make a pact with the devil." Now, officials have revoked Hall & Oates' 1989 Grammy award. And the doctors of the City Awards announced that they will now give an Dec. 3 to decide the fate of the duos' 1989 tape for their international album *Beauty Is* in the case of the lawsuit.



MORRIS (left), Platow (right)

Showing off the tempest tosser

Author Robertson Davies, the subject of award-winning Canadian filmmaker Harry Rasky's latest documentary, says that the film is "really terrific—a good subject." Next month, the CBC will broadcast *The Magic Season*

of Robertson Davies, which mixes interviews with Davies and dramatizations of his works. In the film, Davies criticizes Ontario for being "incredibly uninteresting." And about his home town of Throntonville, Ont., he says, "Children were never into their underwear, minds were

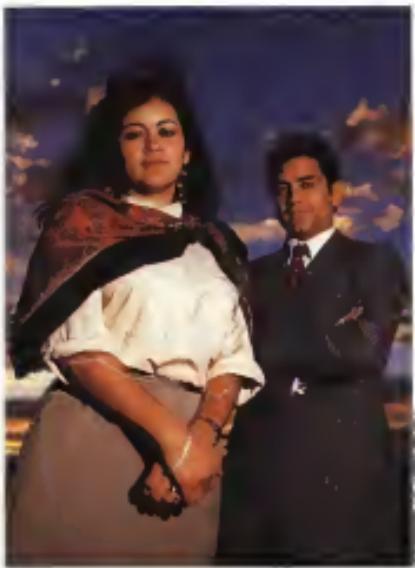
Davies' "good subject!"



a quarter-inch wide, and sense of interconnection between old and young, interesting adults was considered extremely important." But concentrating on his role in making the documentary, he was less interested. Said Davies: "I had been informed that I might have to be sent away to get my teeth capped, but it all went off uneventfully."

OPEN BORDERS

**RAPIDLY MODERNIZING
MEXICO WANTS TO CREATE A
FREE TRADE ZONE WITH THE
UNITED STATES AND CANADA**



A number of the businesses of Chihuahua, a desert city on a high plain in Mexico's Sierra Madre mountains, are split with the two most recent factions that have arrived in the city in the past 50 years. Before the new plaza came, there was no shortage of young women willing to help them to house-mends—earning the minimum wage of about \$3 a day. Now, many of those women are working in the factories, where an experienced operator can earn as much as \$8 a day plus benefits. Leopoldo Márquez, a businessman who runs a private-sector group that promotes economic development in the area, acknowledges that the plants have created a mixed shortage. But he adds, "I think not having enough means is a good thing for a country". The improved job prospects for Chihuahua's young women are just one sign of the profound transformation taking place in Mexico as the country moves in open economy.

The stereotype of the Mexican worker as an unskilled laborer whose low wages usually assemble simple products in a misleading picture of the modern industrial revolution under way in Mexico. Taking advantage of cheap labor rates and close proximity to the vast U.S. market, Mexico's leaders are trying to reposition their country into the heart of North America: an efficient, low-cost producer of high-quality goods. Already, the strategy has brought jobs and increasing prosperity to the countryside of the country. Mexican exports to the United States reach \$60 billion; IBM Corp. and Sony Corp. have set up factories close to the U.S. border. They have been joined by a host of Canadian companies, including Magna International Inc., of Markham, Ont., and Ford Motor racing Ltd., of Toluca, Mex. On the long run, experts say, Mexico's push to export even more raises serious issues for Canada's manufacturing sector, which relies on the massive U.S. market and is already suffering because of high interest rates, unfavorable exchange rates and pressure from overseas competition. As a result, opposition to a proposed free trade agreement between Canada, Mexico and the United States is increasing in Canada (page 53). And some critics say that Canada's so far equivocal record under the Free Trade Agreement with the United States should make Ottawa wary of opening its doors to Mexico (page 85).

Mexico Mexico's new self-confidence is best measured from the still-popular traditional spectacle of the bullring. It is best instead on the economic muscle of young men and women who want a better life for their children. At 84 million, Mexico's population has an average age of 23 years, compared with 30 in Canada. The country also has an energetic young president, 43-year-old Carlos Salinas de Gortari, a Harvard-trained economist who has vowed to accelerate the country's transformation in a free market. Since taking office in 1988, Salinas has signaled his intent to gradually overturn tariff barriers to goods coming into the country, to increase a long-standing protectionist government policy with his goal towards more liberal trade. This week, he will call on U.S. President George Bush in the Mexican city of Monterrey to



Bullfight in Mexico City: Mexican culture thrives even as other popular images of the country are being transformed

during the latest stage in his campaign—the proposed free trade agreement encompassing Mexico, the United States and Canada.

Newhere is the modernization of Mexico more evident than in Chihuahua, 360 km west of the border. Surrounding by mountains, it has managed to escape many of the social problems—including drug abuse, prostitution and a chronic shortage of housing—that afflict Mexican cities closer to the border. Instead, it attracts a quiet, family-oriented atmosphere and is known for its silver mines and cattle ranches. Cowboys patrol the streets and restaurants feature stables in many shapes and sizes.

Behind the scenes, though, the region was one of the main proponents of the country. Local authorities say that Chihuahua has more millionaires per capita than any other place in Mexico. Per capita companies the city's stability and its educational facilities make it an ideal location. In addition to the University of Chihuahua and the Chihuahua Technical Institute, the city is home to a campus of the Monterrey Institute for Technology and Higher Learning, which is affiliated with the Massachusetts Institute of Technology at Cambridge, Mass. Even many shop clerks and waitresses in the city leave degrees in marketing, commerce and engineering.

The influx of foreign-owned companies has provided jobs for thousands of qualified workers, whose families cluster in makeshift brick houses on the slopes of hills at the edge of the city. But it has also led to the rise of a thriving class of skilled workers and managers. As a

result, middle-class housing subdivisions are sprouting up throughout the area. Local supermarkets feature imported Swiss chocolate, French restaurants and, because more women are working outside the home, large food departments.

Soly West In many ways, 29-year-old Patricia Morales is representative of the young, well-educated professionals who are helping to redefine Mexico. Five years ago, Morales, a graduate of the Technology University of Mexico in Mexico City, got a job as a chemist at an electronics factory in Chihuahua owned by Western Electric Co., of Tampa, Fla. The factory at one time had 800 employees but had already been downsized to 150. Recently, though, Western Electric began to import its components directly from the United States and many of their products to customers outside of Mexico. Employing 600 people, the Western Electric factory turns out electronic circuit boards and wiring assemblies for use in such things as aircraft and auto traffic control systems. Currently Morales is the head of the factory's 31-member accounting department. Although Morales' per capita income is only one-tenth of Canada's, Morales' standard of living is clearly middle-class. She and her husband, Jorge, who works in the maintenance department at the same Western Electric plant, have almost finished building and decorating their first home. They have also managed to buy a car, a television, satellite dish and a microwave oven, and they have taken vacations to the United States and Canada. Except

that surrounds their new home, the pink split-level bungalow would fit into most Canadian suburbs.

Morales' relative affluence is in stark contrast to her modest upbringing. Although her father is a doctor, she says that her family was poor when she was growing up. She attributes her success to her parents' belief in the value of education and to the new jobs provided by the foreign manufacturing plants. After Morales finished high school in Mexico City, her mother taught her to become a flight attendant training and got a job in Mexico City before moving to her present job in Chihuahua. She says that she would end up with a husband who makes the household chores and a life no much better than her parents'. She adds, "I never dreamed my life would be this good."

Across the city at another maquiladora—General Motors' Delco Remy auto-parts plant—28-year-old Juan Vilches Rivero is also advancing toward success. Dressed in a plaid shirt and cowboy boots, he says that his mother used to plead with him not to become a bus driver like his father. "Now I make them, not drive them," he says. "I am the pride of my family." With the help of a scholarship, he studied engineering at the Chihuahua Technical Institute before starting to work at the GM plant in 1986. Since then, Vilches Rivero has taken several technical and managerial training courses, and he has also learned to speak English. "I just wanted to eat it all up," he adds.

"I wanted to study everything and be a success. I wanted to be the best."

Now, Vilalobos Rivera supervises about 150 people, mostly line operators and technicians, and oversees two product lines at the 1,100-employee plant. Among other changes, the factory turns out most of the signal-light assemblies used in vehicles sold throughout North America. He and his wife are living with her family while their house is being built. A year from now, they say, they would like to begin a family. And Vilalobos says that eventually he wants to start his own business.

Changes. For Mexicans, the maquilas have provided a taste of the massive changes that would be set in motion by a North American free trade agreement. Under the rules of a 1962 agreement between Mexico and the United States, foreign companies are allowed to import components into Mexico duty-free as long as the finished products are exported back to the United States. U.S. customs officers charge duty only on the value added in Mexico, primarily labor. The agreement enables U.S. companies to manufacture goods more cheaply than they could at home. At the same time, the program has created large numbers of new jobs in Mexico. There are now about 1,000 maquila plants in the country, employing about 450,000 people.

In the United States and Canada, union leaders and other critics of Mexico's maquila show programs complain that the plants are taking jobs from their members and giving them to Mexicans who work for much less money and do not expect comparable health-and-safety conditions. They point out that workers in the factories earn an average of less



Chihuahua auto-parts plant: high tech

than \$1 an hour, compared with an average hourly wage of roughly \$11 for workers in Canada and the United States. Still, the vast majority of Mexicans appear to welcome the maquila factories. "Un peu, it's a very good job," said a smooth-coated assembly-line worker at the Westinghouse plant in Chihuahua. "It's the best job I've had."

As well, many Mexicans say that they expect

the rates of pay in maquila factories will continue to rise in the future. Said Beatrice Chacón, 34, engineering manager at the Westinghouse plant: "The tendency is for pay to go up and up. We see it happen every year."

In North America, many union leaders say that the maquilas have stolen jobs that would otherwise have been available to Canadian or American workers. Ford Motor Co., for one, has a modern high-tech factory in Chihuahua that produces more than 1,000 engines a day for the Tampa, Fla., market. Ford claims that we assembled in the United States and Canada. But the representations contradict what the union of autoworkers in Mexico claims: that without the aid of imported Mexican labor, they would be unable to compete with products imported from Southeast Asia and Europe. Two regions that rely on low-wage contractors at least some of their manufacturing. Said Robert Lugo, general manager of Chihuahua's Westinghouse plant, which makes compressors used in the U.S. postal system for the production of large packages: "Westinghouse has won the maquila contracts because of that plant. If we weren't here, the company would have lost jobs in the United States."

Quality. Employees say that the relatively low-cost Mexican workers turn out goods that are equal in quality to those produced in North America. In many cases, the people who staff the assembly lines have never had full-time jobs, but almost all of them can read and write and do basic mathematics.

At the same time, the foreigners who operate Mexico's maquila factories say that they have had to adapt to a workforce that is far different from the ones they are accustomed to managing in Canada and the United States.

They were there to teach us.

González grew up in Ciudad Cuauhtémoc, a city of 60,000 located 150 km south of Chihuahua. His father worked as a water while his mother stayed at home, raising nine children. González says that he studied hard and at one point was chosen to represent his school in a state academic contest. Later, he received a scholarship grant to study engineering at the Chihuahua Technical Institute.

Although González decides to retain his salary, he says that he makes enough money working at Delco Remy to enable him with a house to stay home with these three children. Despite so little, he raises concerns that the influx of foreign companies could harm his country's economic prospects in the long run. That is because the plants generally import their components from outside of Mexico rather than use domestic suppliers. Like many Mexicans, González says that he would prefer to see the government supporting domestic companies instead of trying to attract new plants from abroad.

And although González is trying to convince his children's school to introduce English classes

in English, he says that he is worried about the increasing influence of American culture in Mexico. One indication of that, he says, is the fact that Halloween celebrations are overshadowed by the Nov. 2 observance of the traditional Mexican holiday known as the Day of the Dead, a time when families commemorate their recently deceased relatives by placing in the cemeteries where they're buried. San González: "Halloween is their tradition, not ours."

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B.B. in Chihuahua

Lopica's Westinghouse plant, which is unionized, offers free breakfasts on the cafeteria every Monday to reduce absenteeism. And because Mexican culture places great importance on the role of mothers, the company gives an extra day off for Mother's Day and promotes all of the mothers in its workforce with a small gift.

Still, problems remain. A shortage of housing is one of the most severe facing the boom cities of northern Mexico. The foreign plants have attracted thousands of workers who can find jobs, but not homes. The housing shortage is creating growing slums in the native cities, and angry protests by residents demanding improvements have become increasingly common.

Turnover. For the plant managers, employee turnover may be the biggest problem. The plants, which need to hire young workers because of their natural tendency to assemble small items, sometimes lose as many as eight to 10 per cent of their workers each month. As a result, the maquilas are constantly searching for ways to keep their employees satisfied. By carefully screening applicants before they are hired, Westinghouse has managed to reduce its turnover rate to about two per cent a month. Lugo says that the company usually hires young women who have never worked anywhere else if it also has to hire women who are related to other employees in the plant so that they feel more comfortable as they enter the working world.

Unions are another uncertain variable in Mexico's struggle to modernize. Critics say that the country's established labor organizations are more interested in maintaining close

GAINING A NEW LEASE ON LIFE

Pat Ganzález-González, foreign-manufacturing plants began arriving in Mexico at just the right time. After earning a degree in an engine part of a Mexican-owned steel company, Pat has since begun to prosper. In 1978 when he took over a job with Delco Remy, a subsidiary of General Motors that makes electrical switches for car seats, Ganzález, who is in charge of quality control at the company's Chihuahua plant, "The awakening came at a good time. They came when the government needed only creating jobs."

González adds that the foreign-owned assembly plants, many of which are U.S.-controlled and connected to the auto industry, have helped to establish living standards in Mexico because they pay better wages than Mexican companies. Perhaps more important, many of the plants offer on-the-job training programs to help strengthen Mexican workers' acquire skills. Delco Remy's González: "We needed to learn, and



Ganzález: concern over American influence

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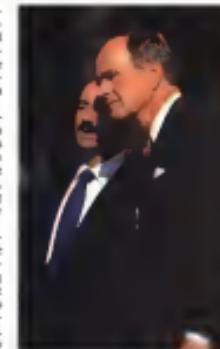
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Unions are another uncertain variable in Mexico's struggle to modernize. Critics say that the country's established labor organizations are more interested in maintaining close

SHADOWS OVER THE FUTURE

Ronald Trudell says that he and many of his fellow Montrealers are worried by the prospect of closer trade links between Canada and Mexico. The 24-year-old search-and-recruitment specialist for Human Resources Ltd. in Windsor, Ont., stamp and wheelchair, engine woods and other enterprise parts Ltd. But he says that he fears his employer will eventually move to Mexico to take advantage of lower labor costs, weaker unions and less stringent health-and-safety standards. He added, "If you owned the company, what would you do?"

Trudell earns \$14.35 an hour, as well as benefits. He and his wife, who works as a secretary for a charitable agency, currently earn enough money to cover out-of-pocket mortgage payments on a house his wife, however, that they are struggling to do so because of the possibility that he could lose his job if the company does shut down or relocate. Added Trudell: "I'd hate to give up the house after a year because I couldn't



Trudell (left), Basic goodwill

relations with employers and Mexico's ruling Institutional Revolutionary Party (PRI) than they are in standing up for workers' rights. Says Antonio González, a union shop steward at an auto Delco Remy plant: "They [union leaders] are not fighting for the workers' interests—right now." For its part, the PRI appears equally concerned with preserving its following among union leaders.

A sign of that concern is the fact that a new government office building in downtown Chihuahua is named after Pielé Velázquez, who leads the 5.5-million-member Confederation of Mexican Workers, the country's largest trade union. Privately, some foreign employers say that they are more concerned about who will replace Velázquez. Still, they are about Soláez's successor because, in some ways, he has more control over day-to-day industrial issues than the government.

Despite Mexico's economic accomplishments in 1993, the economy grew by 2.9 per cent, the first expansion since 1986, Mexico is worried about the effects of a free trade agreement. And Mexico, whose a chain of Future shopping centres in Chihuahua. "We are very hopeful about it. We can't be sure what it will bring," he added. "But as a recent holiday weekend, 30 per cent of the country's population travelled 300 km north to El Paso, Texas, the nearest U.S. border city, to shop, an perhaps they believe that the U.S. city has greater variety of high-quality merchandise."

Still, Mexico and that, on balance, he favours a three-nation trade agreement. Setting in his office recently, he played a cassette tape recording from his disk driver and showed it to us. Suddenly, his disk drive stopped with the words of "Friends in Low Places." Phoenix Durango and José Carrasco, the world's last living operatic tenor. Like the singers, Mexico and Mexico's southern neighbors should come work together rather than compete against each other. He added, "We must learn to sing the same song."

FRIENDS IN LOW PLACES



Trudell: concern about Mexican taking jobs

Santi Ste. Marie, Ont.-based Algonquin Steel Corp. Ltd. owns Burns and Root and began to modernize much of its equipment. And last week, Burns' management signed a three-year contract with the Canadian Auto Workers that includes cost-of-living protection and several wage and benefit improvements. Still, Trudell remains cautious. "It's great to have all of that, but they could turn around and lay us off as a couple of months."

JOHN DAILY in Windsor

BACK TO THE RAMPARTS

OTTAWA SPARKS A NEW FREE TRADE BATTLE

Historians may remember it as one of Canada's more divisive and bitter election battles. Two years ago, water-starved Prime Minister Brian Mulroney's Conservatives to office with a majority after an election-charged campaign based largely on the government's policy of free trade with the United States. Now, with the scars of that battle still relatively fresh, Mulroney and his junior George Bush are planning to go even further by expanding their North American free trade zone to include Mexico. Free trade negotiations on a possible three-way accord are unlikely to begin before summer, but Ottawa's decision to participate has already sparked a heated trade debate. Declared free trade critic David Emerson: "The next election will be fought on free trade again. We don't believe Canada should be at the table."

For now, senior trade officials from the three countries are still trying to come to an agreement on the format for the talks and on the specific issues that will be discussed. But Canadian Trade Minister John Crosbie says that Ottawa is determined to be a full and equal participant in any future trade arrangement involving Washington and Mexico City. Crosbie and many business leaders claim that, by signing such a deal, Canada will gain improved access to the 84-million-strong Mexican market and avoid losing industries and jobs to the United States and Mexico.

Poverty: The government's critics, however, say that U.S. officials will likely take advantage of the talks to try to weasel some of the provisions of the earlier agreement—such as clauses that shield Canada's cultural industries and social programs. Others claim that it is morally wrong for Canada to strengthen its economic ties with Mexico, a country in which a third of the population lives in poverty and which some human rights groups, including the Canadian branch of Amnesty International, have cited for violations of fundamental liberties.

In Ottawa this week, Crosbie is scheduled

to meet Mexican Trade Secretary Jesus Serra Puche and U.S. Trade Representative Carla Hills. At the same time, Bush and President Carlos Salinas de Gortari will hold talks in Monterrey, Mexico. The series of private discussions among the three trade ministers will be followed, perhaps, by a formal meeting in Ottawa in February, setting the stage for the launch of formal negotiations in June.

Crosbie's meeting in Houston follows a similar encounter last week in Washington involv-

ing senior Mexican bureaucrats from three industries. Robbie, now an Ottawa-based trade consultant, said that the government will have to negotiate carefully to keep the Pita intact. "I spent 20 years in closed rooms getting beaten up by a bunch of ugly Americans. I wouldn't be in a hurry to go back in."

Robbie said that Canada may also find it is in an unusual place at the negotiating table. Indeed, Mexico's ambassador to Canada, Alfredo



Demonstrating for improved housing in Chilpancingo, 'We do not wish to see Mexico exploited'

PHOTOGRAPH BY AP/WIDEWORLD

ang senior trade bureaucrats from all three countries. Canada's deputy minister of trade, Donald Campbell, who attended the session, said that the three countries reaffirmed their commitment to a North American free trade area. But he added, "We are not going into the negotiations with a view to opening up the Canada-U.S. Free Trade Agreement at all."

Still, trade experts say that Canada will likely find a hard time dealing with some of the lingering issues from the Canada-U.S. talks. Gordon Robbie, who was Canada's deputy chief trade negotiator from 1984 to 1988, said that U.S. officials may be looking forward to new trade discussions because it will enable them to raise long-standing U.S. complaints about Canadian barriers that protect farmers,

Phillips, last week criticized Canada for what he called this "disease"—attempts toward a free trade accord with his country. He added, "There are people in Mexico who feel that Canada's participation could delay or hamper our negotiations with the U.S."

Privately, Mexican officials say they are worried that any delay in securing a free trade agreement could harm the country's efforts to reverse its weakening economy. Salinas, who has spearheaded the current drive to modernize Mexican industry, has already served a third of his six-year term, and by law he is forbidden to seek immediate re-election. Under his leadership, Mexico has reorganized its \$90-billion foreign debt, privatized hundreds of state-owned corporations and reduced many of

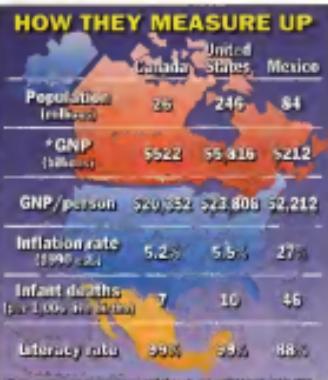


• WHEN ONLY THE FINEST WILL DO •

its needs and duties. His aim, he says, is to enhance Mexico's ability to compete with trade barriers and minimize government intervention.

Salinas's reforms have won the approval of business leaders and U.S. free-market economists in the West. But in Canada, labor leaders and other critics say that Mexican workers are making most of the sacrifices needed to enable the country to sustain its rapid shift to internationalization. Federalist leader Andrew McLaughlin, for one, has said that it is "nearly wrong" for foreign corporations to pay their Mexican employees for less than they would pay workers in more developed countries. And Everett Lee adds that Canadian wages could plateau if the Mexican government continues directly to hire Mexican workers. He added, "We do not wish to see Mexico exploited as a cheap labor partner, or Canada forced to share labor wages."

Exploitation? But the U.S.'s opposition to a North American free-trade agreement strains many analysts to self-serving. Ronald Wittenberg, an economist at the University of Western Ontario in London, says continental free trade would help to expand the Mexican economy, leading to higher productivity, higher wages and more disposable income. Indeed, he says that Canadians who criticize the exploitation of Mexican



(Data: International Monetary Fund, World Bank, UN, CIA World Factbook. *Data for 1989.)

labor are, in effect, saying that "we're rich and we're going to tell the Mexicans what's good for them—to stop poor."

Even if trade barriers fall, trade experts say that Mexico still has many obstacles to overcome. Critics note that much of the country's labor force is unskilled, uneducated and emp-

loyed because so high and the workforce is relatively unproductive by Canadian standards. Any new factory in Mexico has to contend with expensive raw materials, often costly construction work and a primitive telecommunications system. Mexico's notoriously inefficient government bureaucracy, although named unimpeachable by Salinas, remains formidable for foreign investors. In comparison, Mexico says that Canada still has major competitive advantages, including "superior technology, skilled labor force and a high level of capital investment."

Closing the economic disparities among the three countries, analysts say that the continental free trade negotiations are likely to be long, arduous and contentious. Moreover, the negotiations present a financial political challenge to the federal Conservatives. The government's pursuit of unpopular policies—including the Goods and Services Tax, high interest rates and recent changes to the unemployment insurance system—has already dragged it down to a record low level in the public opinion polls. Now, with less than three years remaining before the next general election, the Tories appear ready to tackle yet another divisive issue. The cost could be high.

NANCY WOOD in Ottawa

THREE STATES IN SEARCH OF A DEAL

In September, Mexican President Carlos Salinas de Gortari named Francisco Bernal as his chief negotiator for free trade with the United States and Canada. Mexican Foreign Minister Ernesto Cardenal should designate his own Mexican negotiator in Mexico City except



Bernal's way to create jobs in Mexico?

elsewhere. What do you learn from studying the talk on the Canada-U.S. Free Trade Agreement?

Bernal: We have very good relations with Canada. We are both sound economists, we trust each other, and we are both pretty much for an open economy. Having a friend with the same interests is always very good.

Mackenzie: What do you learn from studying the talk on the Canada-U.S. Free Trade Agreement?

Bernal: A lot. One of the things we learned from both the Americans and the Canadians is that out of those three years of negotiations, half of the time was lost. During the first year and a half, there seems to have

been some lack of definition of what was at the table and what was not. I think that period could have been shortened substantially.

Mackenzie: Canadian negotiators say that they had an advantage in the FTA negotiations because they were better prepared than U.S. officials. How are you preparing for the talks?

Bernal: Definitely I have the best relations with Canada's deputy minister of trade, Bob Campbell. I know that they believe in a North American free trade agreement in a way to make Canada even stronger so that it can face the European Community, Eastern Europe, Japan and everybody else. I'm fully convinced of it.

There were no lack of definition of what was at the table and what was not. I think that period could have been shortened substantially.

Mackenzie: Canadian negotiators say that they had an advantage in the FTA negotiations because they were better prepared than U.S. officials. How are you preparing for the talks?

Bernal: Definitely I have the best relations with Canada's deputy minister of trade, Bob Campbell. I know that they believe in a North American free trade agreement in a way to make Canada even stronger so that it can face the European Community, Eastern Europe, Japan and everybody else. I'm fully convinced of it.

THE FLIGHT OF INDUSTRY

A HIGH-COST ECONOMY TAKES THE RAP

For Thomas Buckley, it was a rare opportunity to visit the man whose economic policies are costing him his financial pat. On an overcast Friday late last September, the Mississauga, Ont., businessman joined Finance Minister Michael Wilson and two other key men for a social round of golf at a country club 30 km west of Toronto. Two weeks later, Buckley, whom chairman of a \$30-million-a-year industrial new-business

specific undertakings, the businessman is generally optimistic that economic conditions in Canada will improve. A growing number of other executives, however, appear to have already given up on Canada. Many are turning their attention to the United States, attracted by lower wages and real estate costs, by a market that is roughly 10 times larger than Canada's and, apparently, by special incentive programs promoted by state and municipal governments.

Among the U.S. firms that have moved since the mid-1980s to Buffalo, N.Y., across the Niagara River from neighboring Ontario, Coca-Cola is just one of thousands that have relocated or opened new offices in the Buffalo area since 1987. It's also Canadian. In the first ten months of this year, nearly 200 Canadian companies located 120 new facilities for Buffalo residents.

According to several recent opinion polls, the vast majority of Canadians believe that the Free Trade Agreement has hurt the country's economy. In an October Gallup poll, 71 per cent of Canadian respondents said that the United States has gained more from the FTA than Canada. Only five per cent said that Canada gained more from the deal.

As the country endures the highest levels of plant closings and layoffs since the early 1980s, some leaders and others are already claiming that the FTA is drawing Canada's jobs that will never return. Ron MacLean, Barrie, who heads a national lobbying group, the Canadian Council of Canadians, "We used to call our country the 'agriculture right bank' of North America. Now, Dickenson, we will certainly become a nation of warehousers."

Senate. Ottawa acknowledged that free trade is only one of several factors causing job losses in Canada. But the says that the gradual elimination of Canadian tariff barriers has resulted in a great incentive for companies to remain in Canada, while exposing those firms that remain to increased competition from foreign goods. She added that the loss of jobs will become even more severe if Canada becomes part of an integrated free trade area that includes Mexico, where industrial sectors are far below those currently based in Canada.

Both the economists and business leaders say that it is easier to hold the FTA responsible for the loss of Canadian manufacturing jobs. Part of the problem, they say, is that Canadian taxes and wage rates are higher than those in the United States, and market productivity is lower, said Richard Lapage, an economist at Simon Fraser University in Vancouver, who was among the FTA's most vocal supporters. "The frightening thing about the Canadian economy is that costs are out of line and our



Buckley in his Mississauga, Ont., tire factory: 'We are just looking to survive'

Mississauga, met with Wilson in the minister's Toronto constituency office to vent his frustrations about the deteriorating Canadian economy. His message was blunt. Buckley says he told Wilson he wanted to make sure that his company's operations, including 200 jobs in Ontario and 100 next year, would not leave Canada if it closed down to 11.5 per cent and the Canadian dollar fell to 80 cents by early 1990. "I don't want to go, but we are just looking to survive," Buckley said last week. "The crisis is real. And if nothing is done, the entire industry will become a total waste."

Although Buckley says that Wilson gave no

productivity or there has not grown to fuel an in the United States," Lepage added that, so far, most reductions in tariffs under the FTA have been relatively minor. "An average reduction of two percentage points in tariff rates enough to create this problem," he said. "Anti-free trade is biting at windfalls."

That is an opinion expressed by many business leaders. But they add that the federal government, which waged an uphill battle to introduce the FTA in the first place, deserves failed to create the economic conditions that are necessary to ensure its success. Most of the improvements in the U.S.-Canada free trade agreement probably will come from increasing high interest rates to combat inflation. Besides making it more costly to borrow money, the rates help to pep up the value of the Canadian dollar on foreign exchange markets. That makes it more expensive for foreign customers to purchase Canadian products. Declared Lepage: "It could not be a less favorable environment for the Rita."

Worried: One firm that has benefited from the FTA is the Stanley Tools Division of Stanley Canada Inc., which manufactures tools at a factory in New Falls, Ont. Stanley Tools president David Talbot says that, partly because of lower tariffs, the company plans to expand its production and increase its exports to the U.S. market. But Talbot added that he is worried that high interest rates, the high dollar and high taxes will offset some of the improvements from the FTA.

But as the list of plant closures and layoffs grows longer, labor leaders are stepping up their challenge to the agreement. Brian Gagnon, vice-president with the 2.2-million-member Canadian Labour Congress, says that the removal of trade barriers under the FTA was "directly and exclusively" responsible for eliminating 185,000 jobs between Jan. 1, 1989, and April, 1990. And he predicts that the number of lost jobs will likely double by the end of this year. Aspects Campbell: "For every free trade job loss there is not spin-off job lost"—and that is a conservative estimate."

But even as the debate over Canada's economic policies intensifies, an increasing number of Canadian-based companies are quickly deciding to shift some or all of their operations to the United States. Business conditions are simply better south of the border, they say. John van Beurden, whose family's machinery distribution company has operations out of North Bay, Ont., since it began in 1977, opened an office in Buffalo earlier this year to serve his U.S. customers; who account for 70 per cent of the firm's sales. Lower land prices, cheaper labor rates and less costly office supplies were among the reasons for the move, he said. But another factor, he added, was that the business climate in the United States is friendlier. Declared van Beurden: "We will take a greater welcome wage when we get there." For sure, and many Canadian companies, that welcome is becoming hard to resist.

ERICKA CRIMMOLI and
SARAH WICKENS in Toronto

Paradise postponed

Canadian business leaders were among the strongest supporters of the Canada-U.S. Free Trade Agreement before it was signed five years ago. Now, some say that the agreement's benefits are hard to quantify. Their comments:



PETER LOUGHEED, Calgary lawyer and former Alberta premier: "There is no question in my mind that the positive benefits of the Rita clearly outweighed the negative ones. In particular, one result was the U.S. approved last month to export Canadian natural gas by pipeline from Alberta to New England. But we are disappointed that the Rita's benefits are being diluted by a high-interest-rate monetary policy. The Bank of Canada has made a grave error in judgment."

SONJA KASA, director, Data Link, Toronto: "The Rita has shown us where our weaknesses are. In existing, we see more American competition coming in, such as the Gap clothing-store chain. And suddenly I am noticing that L.L. Bean and other U.S. mail-order catalogues are appearing in our junk mail. In the catalogues, the prices are low. We cannot stop people from buying or stop cross-border shopping. But so far, few Canadian retailers have branched out into the United States."



JOHN RISLEY, president, Clearwater Fine Foods Inc., Halton: "There is disappointment in the fishing industry with how meager the benefits of the agreement are, but I am still a vocal supporter. The first dispute settlement decisions were fisheries matters, and were reasonably good in terms of principles. But I wish that politicians would heed the panel's decision instead of trying to circumnavigate them. If others the country's health in this process, they should abide by the process."



ALFRED POINTE, chairman, Novus Inc., Toronto: "I am more convinced than ever that the Rita was the right way to go. Things are tough now, but for reasons that have nothing to do with the Rita. One thing that it has done is discourage American industry from launching frivolous trade complaints. In the 10 years preceding the Rita, we were fighting damage or countervailing actions all the time on things like softwood lumber or pencils. We have not had any since the Rita went into effect."



ROBERT BLAIKIE, chairman, Nova Corp., Calgary: "U.S. tariffs on materials like Canadian mica had climbed up to 20 per cent [before the FTA]. We calculated that Nova would save \$30 million to \$60 million a year if the dates were eliminated, and we are more than halfway there now. But the high Canadian dollar has really jacked up expenses, including us. Our annual profits are down by about \$100-million—a rough ride, but we are still in the bonce and we are not going to give up."



JAMES PATERSON, chairman, the Jim Paterson Group, Vancouver: "Long-term, the Rita was the right decision. There are going to be implications in business that you can't imagine. But it's like a fire—once it's lit, you have to get it over with. The Canada-U.S. border is a stupendous border. And free trade with Mexico is coming. We've just done a study that demonstrates you can manufacture in Mexico and ship to Vancouver, including duty and freight, cheaper than we are right now in Vancouver."

JAPAN AND CANADA

*Neighbors and
Partners*



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JAPAN AND CANADA *Business and more*

There are probably no two countries that differ more than Japan and Canada. Japan is small, populous and resource-poor while Canada is vast, thinly populated and blessed with natural wealth. Japan has a long history and is largely culturally homogeneous. Canada is a new country known for its multicultural society.

Despite these contrasts, Japan and Canada are developing a profound relationship across the Pacific. The highest-profile ties are those in diplomacy and business, but there are more.

In the diplomatic sphere, officials visits by the Prime Minister of both countries show only a fraction of the ongoing government-to-government contact. The two countries enterprises with industry during last year's high-profile Montréal Investment Study Mission when Japanese government and business leaders toured all 10 Canadian provinces. This was the third mission of its type since 1976.

On the business side, Japan bought \$8.5 billion worth of Canadian goods in 1989 and is Canada's second largest market. With domestic growth in the past few years, there has been a total of more than \$3 billion worth of Japanese direct investment in Canada.

There are, as well, significant hu-

ENVOYS AND
ECONOMICS

Diplomatic and
business relations

Last year Japan and Canada celebrated 60 years of diplomatic relations. Both diplomatic and business linkages have grown profoundly, especially as recent years. In follow participants in international meetings such as the G-7 summit and the quadrilateral [EU, European Community, Japan and Canada] made talks, they maintain a continuous dialogue.

But at the end of the 19th century most international

man and cultural dimensions to this relationship. Bassani moves more than goods and capital across borders; it also brings people. These are the Japanese and their families who are assigned to this country for three years or more.

In the arts of culture, many Canadians knew of Japanese traditional arts — flower arranging, kimonos, pottery — and the modern influence of Japanese designs on consumer products such as cars and appliances.

Despite our awareness of Japan's products, and its economic strength, few of us know much of its traditions or the dramatic changes taking place as it evolves as a world leader. To fully appreciate the significance of Japan in Canada, it is necessary to know more of the people behind these trends. Through them we can see the foundations of Japan's success and anticipate the benefits it both countries will enjoy as we grow closer. We can also see how much we have in common.

In the following pages the many aspects of Japan in Canada are shown through interviews with Japanese who are living here, and in one case, a family who would like to. These people represent the broad spectrum of economic and cultural exchange occurring between Japan and Canada. *

entertainments have been in the auto-mobile and beauty sectors. Honda, Toyota, GM-Japan (GMJ) have set up Canadian factories, and Mitsubishi has become a big player with its pulp and paper concern amounts.

missions are economic. Japan's and Canada's economies have become more integrated as bilateral trade and investment flows continue to increase. In trade, Canada's trade with Japan is roughly in balance. This is because

■ **Yoshiro Nagao** (Fidelity of Japan), **Masaru Iwamoto** (ITIM), **Kiyoshiaki Hata** (Mitsubishi Chemical), and **Osamu Hosono** (Daiwa) are active participants and well-positioned observers of the trends in the two economies. Japan and Canada.□

JAPANESE LANGUAGE

Some interesting notes

There are three systems of writing Japanese. Two of these, hiragana and katakana, are phonetic and used to "spell" words of Japanese and foreign origin, respectively. The third, kanji, is largely identical to Chinese characters or paragraphs. Even though there are 50,000 kanji, "only" 3,000 of these are in common use, and one should know at least 2,000 to read a newspaper.

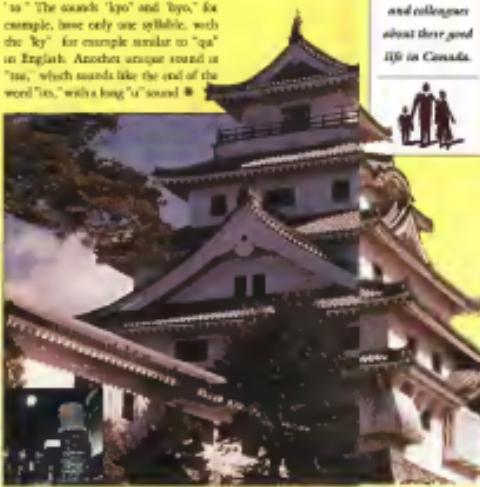
The Japanese alphabet for the most part can be thought of as a modified Chinese writing system fixed onto the spoken Japanese language, with hiragana used to construct sentences or conjugate verbs like "eat" or "sing" in English. In fact, though conventional Japanese and Chinese are completely different, they can understand much of the others' written script.

The formal Japanese difficulty in correctly pronouncing "t" and "l" can be traced to a characteristic of the Japanese language. In Japanese there is only one similar syllable, and it is a cross between the two English sounds. In fact, the Japanese "t" sound is a hurdle for many foreign students of Japanese, who have difficulty saying it right. This is one of the many differences in pronunciation between the two languages.

The Japanese pronunciation system is fairly simple. There are five vowels in Japanese (a, e, i, o, u), 14 consonants and

a nasal "n" sound. The vowel pronunciations are as follows: a, "ah" as in former; i, "ih" as in fish; u, "oo" as in look; e, "eh" as in edge; ooh, oooh, "oh" as in pot.

With the exception of the "n," the consonants always occur with vowels, so they are open sounds, like "ba" and "aa." The sounds "kyo" and "Toyo," for example, have only one syllable, with the "kyo" for example similar to "qa" in English. Another unique sound is "tsu," which sounds like the end of the word "tsu," with a long "u" sound.



Upon returning to Japan, the Japanese who have been here become messengers — almost ambassadors — telling their friends, relatives and colleagues about their good life in Canada.



Accompanying the growing presence of Japanese business in Canada are the managers and their families who come to help run these enterprises. They are exposed to a country very different than their own, and use they for the most part, know little of before arriving.

The managers have to operate in a second language for them, English, so do their families. Their children go to regular schools, there are no daily Japanese schools in Canada comparable to the English language institutions used by Canadians posted to Japan. The postgraduates generally do attend Saturday Japanese schools as they aren't left behind by Japan's very competitive educational system.

Despite these hardships, it appears that most of the Japanese who have come to Canada like them. They appreciate the good quality of life in this country, accessible nature and an easy-going approach. Coming from a country largely made up of rice rice, they admire Canada's multiculturalism.

They find affinity with the general friendliness of Canadians quickly proved, poker and cards.

To a lesser extent, the many Japanese tourists who come here yearly (300,000 in 1989, more than two-and-a-half times the number in 1985) do the same.



And Canada always makes a good impression.

Upon returning to Japan, the Japanese who have been here become messengers — almost ambassadors — telling their friends, relatives and colleagues about their good life in Canada. And they always take some of Canada back with them.

The Nagai family live in Richmond, B.C., the Uchibaras in Midland, Ontario, and single Tadashi Abe resides his home in Toronto. Though they are living in diverse parts of the country, they know a lot about Canada. The Iimokas family in Tilbury are living the life their people have temporarily left, and know enough of Canada to want to come here for a while.



preservation in the US and the European Community. Is there no hope joint interests as well?

A survey that compares conditions in Canada with those in the U.S. showed that Canada came out on top on "human factors"; general living conditions, work force quality, labor-management relations, and



"CANADA'S GOOD INTERNATIONAL REPUTATION AND INFLUENCE BEYOND ITS POPULATION AND ECONOMIC POWER MAKE IT AN IMPORTANT FRIEND OF JAPAN."

Isamu Nagashima,
Ambassador of Japan

Isamu Nagashima, Minister at Japan's embassy in Ottawa, came to Canada in spring, 1989. His career has included postings in the United Kingdom, the U.S.I.E., and long study at Harvard. He can assess Canada-Japan relations depending on three fronts: diplomatic, business and cultural.

In the realm of diplomacy, Nagashima believes Canada and

Japan will grow closer because of their complementary roles on the world stage. Canada's good international reputation and influence beyond its population and economic power make it an important friend of Japan. "Japan's growing economic strength makes it more important to take greater political responsibility and exercise a more independent foreign

policy," he says. "While this now clarifies the possibilities and merits of closer relations are quite remarkable because of similarities between Japan and Canada."

For example, Nagashima notes that Japan does not exercise military power. He feels that Canada's efforts in peacekeeping and cooperation, especially through the UN, can be a model

for his country, as well. He feels Japan can learn from Canada's approach to foreign aid and development, now that Japan has become the world's largest aid donor.

Canada and Japan also share similar views on international trade issues. "Both Canada and Japan support free trade and are concerned about prospects of

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THE NAGAI FAMILY

The Nagai family have enjoyed their stay in the Vancouver suburb of Richmond, British Columbia. "The air is clear and the mountains are so beautiful," says Juniko. "There is space and time to spare, it is easy to relax here," adds her husband Hisahisa. The Nagais brought sons Hodohisa (1) and Yu (6), and daughter Aoi to Canada two years ago.

Hisahisa works as engineer and chief coordinator at CAPTIN's Canadian Aerospace Systems Inc. factory in Delta, B.C. The plant produces about 500,000 aluminum wheels per year for the Japanese and U.S. markets. The facility operates at full capacity, yet Nagai finds he has more free time in Canada, compared with life in Toyota's Japanese operations. "The pace of life, especially work, is slower here," says Nagai. "And sometimes I worry that it may be tough to adjust to life in Japan after staying in Canada for too long."

"But, in fact, I really don't think I work less in our B.C. factory than I do in Japan. At CAPTIN, we tend to concentrate on our work while we are on the job, and then go home. I welcome that approach." This is different from Japan, where office work is often done at a leisurely pace, for longer hours. "For example," adds Nagai, "in Japan our lunch break can last one and a half hour, but here it is only thirty minutes."

Juniko is taking advantage of the opportunities in Canada to study watercolor painting and flower arranging — women style — at a community centre. Her English teacher in Japan had advised her that it is a more effective and interesting way of learning the language.

The two Nagai boys are learning English through immersion as they attend local schools. Hodohisa, seven, is already quite comfortable at school. "School here is completely different," he says. "We play more and don't have to study as much. I do get a lot of my homework from the Saturday Japanese school!"

The younger son, Yu, is in Grade 1 now. He liked his name in kindergarten — like making change," he says. "I don't understand all of the language, but it's OK."

Juniko sees a different approach to teaching in Canada. Teachers here tend to encourage the individual student, while in Japan the emphasis is on raising the level of the whole class. "When one child does well, he is praised," she notes, "while in Japan the teacher will say to the others, 'He can do it. What about the rest of you?'"

That is a fundamental difference between Canada and Japan in society as a whole, she thinks. "Here, people recognize the importance of an individual, so people can choose what they do." Juniko continues: "In Japan we often must act under obligation to others. For example, there is social pressure for people to participate in the school Parent-Teacher Association (PTA). However, in Canada, it is up to the individual to volunteer, if they wish."

The Nagais have granted other insights into Canada during their stay. "Canadians are so outgoing and friendly," says Hisahisa. "One thing that is so different here is that there are people from many different cultures. I like that because children from a young age are exposed to different ways of thinking. In Japan, we only learn the Japanese approach, unless we travel."

THE UTAHARA FAMILY

Yoshi Utahara and his family — wife Kamiko, daughter Aya (10) and son Ryu (6) — came to Ontario seven years ago from Kobe, Japan. Yoshi is a controller at Mitsubishi Electronics TV picture tube factory in Mississauga on Georgina Bay, 100 miles north of Toronto.

The Utahara's were the first Japanese family to come to the area, and they appreciated the warm welcome given them by the people there. "We took a school bus," remembers Aya, "and on our first day the other children had saved a seat for me and my brother. Most of the children hadn't seen a Japanese before."

friendships with Japanese
However, it was felt that the U.S. provided a better economic environment with lower taxes, a more vital financial sector and a larger market. "In general," says Nagasaki, "it is more comfortable to live in Canada, but there could be improvements for business."

The Japanese government is making extensive efforts to build the foundation for deeper ties with Canada. Probably the most significant effort is the Japan Exchange Training (JET) program. This government-supported program places young university graduates as English teachers and students in high schools throughout Japan. This year 129 Canadian youths are joining JET. Canadians who have completed their one-year contracts, totaling the total number of Canadian participants to 282. Nagasaki has heard good feedback from Japan. "Canadian teachers are welcomed by the Japanese high school system," he reports. "They are respected and well liked."



This supplement was written by June F. Ross, based on "The Utahara Family," which was written by Jim E. Ross.

"I like the Canadian style of education. Sometimes they push the children too much in Japan," says Kaneko.

Kaneko thinks her children benefit from the opportunity to attend school here. "I like the Canadian style of education," she says. "Sometimes they push the children too much in Japan," Aya, agrees. "Everything is based on standards in Japan. I can't believe kids put themselves under so much pressure to attend the right university."

Like their children, both Yano and Kaneko played competitive basketball when they were younger, and this sport is the family passion. In fact, the Ushlers have all played the same position: point guard. They have travelled to New York and Detroit to see professional games, and spent a lot of time following the American college men's basketball championship tournament every March.

The parents get so so many of their children's basketball games as possible. They have noticed differences between the Japanese and Canadian approaches to sport, though. The Japanese seem a more disciplined, they think.

One aspect of Japan that they all miss is the size and quality of consumer products available. "If you go to buy a Walkman in Canada, you can choose from about five kinds. In Japan, you might have 10 or 20 types to choose from," says Aya.

It is harder to find well-designed and well-produced clothes in Canada, Kaneko has found. "I often wonder why Canadians don't demand better quality," she says, "but I guess they want cheaper products."

Though Yano will probably be going back to Mitsubishi's Japanese facilities in the fall, Ryo and Aya will be staying to attend universities in Canada. Kaneko will be staying here until Ryo finishes high school, then she will also be going back, and adapting. "I have become Canadian in many ways and I like it," she says, "but I must change again when I go home."

TADASHI ABE

Tadashi Abe has been in Toronto almost three years as a representative of Japan's Export-Import Bank. He is one of 17 Japanese banks with Canadian offices.

Japanese Investors is an bi-monthly *Focus* publication by the Japan External Trade Organization (JETRO), a Japanese semi-government agency that promotes trade and investment links between the two countries. It is believed that the relationship between Japan and Canada has grown stronger since the first joint venture between the two countries was formed in the early eighties. "The number of Japanese firms in Toronto, for example, was only 85 three, and is now more than 170,"

says Isomoto. "There have been more exchanges, such as the high-profile investment missions and the yearly Canada-Japan Businessmen's Congression Committee meetings. These give high-level business and government the chance to learn, first-hand, what Canada has to offer."

Recently Isomoto has been busy implementing JETRO's import promotion

program. This includes dispatching Japanese buyers to purchase samples of opposing Canadian projects for exhibition in Japan. As well, a Japanese trading company expects to begin liaison to the Canadian Exporter's Association to advise and take part in Canadian trade promotion activities.

When speaking with Japanese investors, Isomoto stresses that they must consider two

"CANADA TENDS TO LOOK TO EUROPE MORE, EVEN THOUGH TRADE WITH THE PACIFIC NATIONS IS GREATER... AS FORMER PM TRUDEAU SAID, JAPAN AND ASIA SHOULD BE CONSIDERED THE NEAR WEST, NOT THE FAR EAST."

Photo: Isomoto
Tadashi Abe (R)



Yoko Ushler and her family have had a diverse social life.



This is his first overseas posting, coming after only two and a half years after he joined the bank. But, Abe is very comfortable in Canada because in some ways it reminds him of Australia, where he lived with his family as a child.

"Coming to Toronto was like a breath of fresh air," he said. "The city seemed so familiar to me, though it is much different than Melbourne. It's a good place to live."

Abe has fit in well and is enjoying the single life in Toronto. In his short time here, he has built up a wide social network. "I've got a lot of friends, and we enjoy going out to the pubs and clubs," Abe says. "There is no attach to do in that city — dancing, jazz — and I love downtown as it's very convenient."

He also likes to keep in shape. He is an avid cyclist (he likes riding along Toronto's waterfront trail), works out, swims, skis, and has even tried his hand at hockey a few times. "There is no way I could do all that in Tokyo," he notes. "With a lack of time and the cost of these activities there, I just wouldn't have the chance." He does find Toronto life expensive though, but he points out, "Compared to Tokyo, it's not so bad."

Abe, also fluent in French, enjoys getting to Montreal. "I enjoy the

"Title Canadian's cultural mosaic. It's better than the melting pot, where everyone is supposed to be the same."



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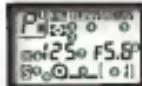
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Quebec culture. It is the only city like it in North America. I love the atmosphere," he says. "Canada's diversity is appealing to him. "I like Canada's cultural mosaic. It's better than the melting pot, where everyone is supposed to be the same." It creates a tolerance for different peoples and cultures, he believes. "I haven't experienced one instance of discrimination since I've been here," he says. "And that's significant."



THE IMANAKA FAMILY

"Including the land," Rotsukio Imanaka, a 59-year-old Tokyo home-maker, did not believe her ever when told how much his home suburban Toshima home was worth. A price tag of \$300,000 for a standard three-bedroom house with backyard and garage may seem depressingly high to Canadians, but to Japanese it sounds like a bargain.

Frankly, we were a bit jealous when we saw the kind of houses Canadians could afford," his husband Kyoko, 40, admitted, "and we came home determined to move out of our crowded apartment."

So on April 18 months after their Canadian holiday, the Imanakas took

REVIEWER LIAKE SHIMPLER

"Frankly, we were a bit jealous when we saw the kind of houses Canadians could afford," and we came home determined to move out of our crowded apartment."

the plunge and bought a shiny new house on a quiet street in Komatsu City, 25 kilometers west of downtown Tokyo.

Commuting time was a big factor in the choice and, with a 10-minute walk to a station where an express train takes him to his central Tokyo office in under an hour, Mr. Imanaka is pleased with the result.

With only 79 square meters there is no room for a garden, but at least the kids can now safely play in the yard. Inside the house, two floors and 100 square meters of space give the family enough as much room as before — and with a second son born a year ago, they need it. A compact kitchen/dining room still means entertaining at home is hard, and storage remains a problem with no basement and only a tiny attic, but Mrs. Imanaka is not about to complain.

"We know we are fortunate," Mr. Imanaka admits, "because, aside from those who inherit, very few younger people can ever hope to own a home in this country. Even so, I get twinges of desperation knowing I'll be paying it off for the rest of my life."

Add to the physical squeeze a financial system that demands real property as collateral for most loans and the result is astronomical land values. The land in Tokyo's Chiyoda Ward, site of the Emperor's palace, especially has a book value greater than all of California.

Seeing how Canadian love was one motivation, but in the end it was the credit system that convinced Mr. Imanaka to leave the bulle and buy a house. As the owner of a small typesetting company, he found it difficult to get bank financing for the business without property as collateral.

From an annual income of \$115,000 monthly but not excessive by Tokyo

seemingly contradictory aspects of Canada. "While the Canadian economy is growing more integrated with the U.S.," he points out, "Canada remains a very separate and different country." One thing he has noticed in speaking with Japanese managers in Canada is that, because of good relations with Canadians, they feel comfortable running their operations here. Like most Japanese, however, Imanaka admires the Canadian ability to welcome foreigners. He believes Japan can learn from Canada's multicultural experience.

"Internationalization or 'Globalization' is a Japanese catch-phrase these days," says Imanaka, "and Canada deals with it every day, through its varied society."

Besides his JETRO duties, Imanaka does free time to indulge his passion for the Toronto Blue Jays. He went to about 25 games this year, and even travelled to Syracuse to check on the Chiefs, the Jays' Triple A affiliate. He would like to see the Jays' flow those same more intensely though. "They should cheer more," he says, "and pay more attention. A lot of them over the past like a photo, always getting up and down, to yell loud and drink!"



See our Canada Special and Pictures, p. 112.

"Japanese value land above all else, and those who can't buy a house — which means most people in Tokyo — now spend their money on expensive toys as a kind of consolation prize."

In Japan
only one
out of four
is a home
owner.



new house," he said, "but if you're on a salary, forget it!"

Asked how much the new house cost, Mr. Imaoka said, "The total cost was \$704,000 and we put 20% down, had to get a mortgage. I had to sign up for monthly payments of \$4,000. That takes half my income and leaves little room for another quarter. So unless my business goes a lot better, I have to support a family of four on \$30,000. You can get by on that amount in Tokyo if you're frugal and forget about owning a car — but it's not easy."

Asked if they have any regrets, both husband and wife were quick to say no. "Japanese value land above all else," Mr. Imaoka explained, "and those who can't buy a house — which means most people in Tokyo — now spend their money on expensive toys as a kind of consolation prize. My hobby, for instance, takes non-stop about his new Japan, but I know it really evens out my new house!"*

standard), Imaoka was able to save \$150,000 for a downpayment. That equity could then be used as security for loans to finance new equipment for his company. "I was able to expand the business and please my family with a

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ARTISTS AND ARTISANS

Three Japanese artists: painter Mitsuji Kubashi, textile artist Tokuo Kaneko and designer Baau Nakamura

The foundations of traditional Japanese aesthetics is expansion of nature and its essence... natural materials and colors are used to depict the "complex-simplicity."



In Japanese art, the process is often as important as the final result," says Dr. Ted Gossen, Professor of Humanities at York University. A Japanese artist approaches his or her work with a disciplined and subtle mind. The importance of form and detail is seen in highly ritualized Japanese traditions such as the tea ceremony or flower arranging (ikebana) where intense moments of life are crossed.

The foundation of traditional Japanese aesthetics is expansion of nature and its essence. This means that

natural materials and colors are used to depict the "complex-simplicity."

Another fundamental characteristic of Japanese culture is that of transmission and adaptation. An example is the Japanese love of minuscule, which has been traditionally seen in bonsai root, and, more recently, in the creation of the *Wakouza*.

Three Japanese artists — painter Mitsuji Kubashi, textile artist Tokuo Kaneko and designer Baau Nakamura, all now living in Canada — illustrate these aspects of Japanese art and design.



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Osamu Matsui is a senior executive with BellSouth Canada, a major player in Canada's long-distance market. Between their major poly and paper plants in B.C., Alberta, Quebec and New Brunswick, they employ about 4,000 Canadians. Most of their products are exported from Canada, says Matsui.

BellSouth is arguably the most modern and technologically sound facility of its kind in Canada. Since they bought Bell's oil (TSX) plant in Quebec City in 1988, they have made significant investments to improve its efficiency.

BellSouth shared its commitment to the people of Quebec City when it became one of a consortium of companies that purchased the Nordiques hockey team. It took some effort to

Matsui says that Canada is BellSouth's most active overseas production base. Their new Peace River Alberta plant, which is



Osamu Matsui
Japanese head office

of the north of this

area.

Matsui readily admits,

"At that time, it seemed that we should have invested in the mill," says Matsui. "But two years

down the road, it looks like a good decision."

In any case, head office is interested now. "We fix the Nordique results to Japan after every game," reports Matsui.

"BUSINESS CAN SHARE STRENGTHS, RISK, AND PROFITS THROUGH JOINT VENTURES, ESPECIALLY ON LARGER PROJECTS."

Atsushi Kato
President, Nippon Kanji

Nippon Kanji, President of trading company Mikashiki, is optimistic about current conditions and prospects of Canadian-Japan ties. "Our trade is generally balanced," he says, "and Japanese business has shown an increasing interest in increasing investment in this country."

Japanese investing companies such as Mikashiki, Nitto, Nippon, Sankei, C. Itoh and Nippon total account for about 70 per cent of Canadian exports to Japan, and 20-30 per cent of imports, according to Kato. Their activities range from trade to technology exchange and investment in the Canadian manufacturing and resource industries.

"Until now," notes Kato, "Japan has been importing mostly raw materials - coal, ore, and lumber - and exporting manufactured goods - cars, stoves, machinery - to Canada." But now Nippon believes it is necessary to improve the competitiveness of Canadian exports to include more finished products. "The Japanese government is removing tariff and nontariff barriers to trade," he says, "and Canada has excellent export capabilities - especially in telecommunications and aerospace - as we are making greater efforts to develop these markets."



Atsushi Kato
President
Nippon Kanji



MITSUJI KIKUCHI Painter and *Nihonga* Master

Mitsugi Kikuchi spent many years in Japan designing and editing nongraphic maps for the Japanese government before he emigrated to Canada in 1976. He chose to settle in Ottawa because he had enjoyed his previous stay there - on business - 10 years earlier. Now he paints full time and continues to produce designs (flower or arranging) and green *bunraku* (theater trees).

Kikuchi studied watercolor and sumi-e (India-ink sketching) in Japan, and those influences show in his work. "When I paint," he remarks, "I never think, 'This is a Japanese painting,'" but people look at it and say, "This is really Japanese."



There are a number of characteristics that make a painting, but "Japanese style," says Kikuchi. Compared with Western artists, Japanese painters tend to use soft colors. Another difference is that curves and edges are shown through contour lines in Japanese painting, rather than the shadows and shading used in the West for that purpose.

Creating a harmonious picture is very important. "We are always thinking of balance when we are making our compositions. We do a sketch, then if we don't like the location of, say, a tree, we will move it and make it more appealing, and that is acceptable," Kikuchi points out. This can be unsettling to the viewer. He remembers someone looking at one of his depictions of the Parliament buildings, commented that he had added a tree to the scene.

"For us, the abstract quality is more important than the audience," says Kikuchi. "What I paint is to be ap-

pealed to by a local. Other Western painters are encouraged to paint the scene exactly as it appears. We feel that if you want it to be exactly the same, you should take a picture."

Kikuchi's ink paintings of flowers - orchids and roses - show remarkable detail and form. They are reminiscent of traditional Japanese screens, yet updated. The colors used are natural, as they are made by dropping, rather than brushing, the compound five or six watercolors on the canvas. This creates the uneven, subtle and beautiful colors of nature.

Kikuchi is a master of the Obana school of design, one of the four major Obana schools in Japan. He has taught throughout Ontario painting on demonstrations of this art, and until recently taught these skills in Ottawa. "Many Japanese painter study Obana, while others study the *anso* technique, because there are ways of clearing the mind. Much of my approach to painting comes from Obana, and my painting and design feed each other," he says. Besides creating an appealing form and line, Obana arrangements are abstract, in that they too are symbolic. Different plants, in different stems - budding, blossoming or dried - can represent the future, present or past.

For Obana-style cloths, aficionados like Kikuchi's yearly Obana demonstration is an event not to be missed. On stage, he creates an intricate (twisty-thin) arrangement in front of a enthralled, capacity audience.

TATSUO KAMATA Textile Artist

Tatsuo Kamata produces textile designs products using traditional Japanese "nou-nome" (paper resist dyeing) processes. This type of fabric dyeing is used to produce the rich designs and colors seen on Japanese silk kimonos. The cloth Kamata makes is used in dresses, scarves, neckties and decorative fabrics.

Kamata grew up in the northern part of Japan. He had studied the art of silk cloth dyeing for many years in Japan, while working at a more conventional desk job. Finally, more than 20 years ago, he came to Canada with

the goal of working full time at non-home. Now he practices that hobby at his Toronto studio.

Kamata practices ancient techniques of dyeing using traditional materials and tools. Kamata's main method is called "yuzen," which was developed almost 400 years ago in Kyoto. This process has many steps.

The most time-consuming task is sketching the flowers or leaves used in the designs to be colored on the cloth. He finds these in public gardens or greenhouses, or in more natural settings. "I usually use flowers, but not necessarily only those found in Japan," says Kamata. "In fact, my teacher in Japan told me he was surprised at some of the motifs I use." One of his designs features both a Japanese chrysanthemum and a Madsoka oak leaf.

The sketch is outlined on the silk cloth using a stencil ink, which will later be washed away. The silk is kept at a constant tension on bamboo stretchers throughout the complete process, so the design will keep its

proper shape.

The difficulty in creating designs on cloth comes from the tendency of dyes to run. This problem is solved through the application of a glue pattern that creates sharply defined designs and contrasting backgrounds.

The glue paste itself is made from a special form of Japanese sticky rice. Kamata says it can take up to a day to make it, and the rice must be cooked for hours and then crushed and mused.

The sketched lines on the silk are coated with the glue, using a cube like those used for dressing oysters. The glue is then set by lightly raising the fabric.

When dry, colors are applied to the designs by brush. Many of these colors are made from natural sources, such as leaves or bark. The glue loses its thin white consistency after the dyeing is completed.

Next, the background fabric may be colored, without affecting the main design. This is done by covering the finished part with glue before applying the dye. Rice bran is then sprinkled on the glue to speed up drying. The rich,

deep background colors are achieved by successive applications of color, usually five times. Once that is finished, the whole fabric is washed, to fix the dyes, and then washed to remove the glue and assist the design.

Beyond yards, Kamata practices other dyeing techniques such as making patterns with stencils or folded cloth and creating more random, mottled-like or speckled patterns.

Kamata has returned to Japan for further study in the art of nou-nome. His teachers at Tokyo have been shocked by the unique colors and patterns he uses. That is because, explains Kamata, "in Japan, the craftspeople generally adhere to traditional rules of design, and their teachers expect that." Though it might be thought that that is the best way to preserve the heritage of Japanese traditional crafts, Kamata disagrees. He says, "Traditions always change. They must, for if they don't, they die. You have to add variations with a contemporary message, and they will survive through evolution."

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Kanbara says he knows of contemporaries in Japan who agree with him.

One of the ways the Japanese government keeps its heritage alive is through the recognition of select masters of traditional crafts and performing arts as "living national treasures." They have the status and responsibility of passing on their wisdom and skills to succeeding generations.



Though he has never had the chance to meet a living national treasure, Kanbara often envisions them. "They live so simple, nor rich, but so full, and they are so happy," says Kanbara of these masters. "What is most impressive is their humility. They do not force or ask people to follow them, students just do, naturally. They inspire me."

BANSI NAKAMURA Designer

Bansi Nakamura specializes in space planning for restaurants, retail stores and exhibitions. He also does work in industrial design for products like furniture and computers. He has his own business in Bressana.

Mr. Nakamura came to Canada from Japan more than 18 years ago. He brought with him his Japanese industrial design training, which included time in one of Japan's premier departments stores, Mitsukoshi. In Tokyo

"One reason I came to Canada was the professional opportunity here. There were so many in my department (at Mitsukoshi) and only one person could become 'Kacho' (department head) also so many years."

This year Nakamura won the silver medal at the International Furniture Design Fair in Amakusa, on Japan's northern island, Hokkaido. There were 440 participants from 19 countries, tra-

from Canada. Nakamura's entry won an ingenious set of trade-use chairs made of Canadian maple. The design is modern and functional and features the use of natural wood. This kind of project could only happen in Canada, says Nakamura. "The designer is Japanese, the person who builds it is from the Netherlands, and the photographer, a French Canadian. This is one of the great things about this country."

"Though I have been here for 18 years, I guess you could say the way of living is still Japanese," says Nakamura. "We used to pay special attention to detail." For example, an interior design in one of his specialties, he says that room ceilings, at the third space (after floor and walls), are important. In Japan the space between a wall and ceiling is created using an edge and clearance that give the appearance of a straight, true line. A plain unadorned joist, as commonly used here, can never look completely straight, believes Nakamura, but more people don't notice it.

In the Japanese mind, there is a belief that smaller is better," says Nakamura. "The Japanese are always trying to make things smaller, and refining them. Refinement is a basic philosophy of Japan. This is a process of constant improvement. Change is considered a good thing." This can be seen in the Japanese products as prevalent in our lives today.

"Japanese design is everywhere in Canada," Nakamura points out. "It is seen through all of the electrical and electronic appliances all around us. A look around the house at the smooth clear black lines on our televisions and stereo equipment confirms that. And the new, full-sized 35mm cameras, with built-in flashes, scarcely resemble the cameras of only a few years back."

"Even though I am living in Canada, I am always watching Japan," Nakamura says. He has closely followed Japan's economic growth, and he anticipates the emergence of ideas from Japan. "I think that in the next 10-15 years, Japan will have to face the need for its own philosophical redefinition and create a new philosophy for itself."

Japanese companies have shown a greater interest in Canada in the past few years, of the nearly \$3 billion invested here by Japanese, half has come in the last three years. Nakamura expects this trend will continue, because one of Canada's main disadvantages is its small domestic market — the Free Trade Agreement, which improves access to the U.S.

Companies like Mitsubishi have shown an interest in expanding conventional tie-up relationships to include third countries. For example, Mitsubishi is working with Matsushita to sell Canadian television sets manufacturing equipment in a Russian refrigerator factory.

Hata sees more future strategic alliances between Japanese and Canadian companies. "Business can share strengths, risks, and profits through joint ventures," he says, "especially on longer projects."

Mitsubishi's role with Mitsubishi, Hata is Chairman of the Toronto Japanese Association of Commerce and Industry. This Association promotes communication and cooperation between members of the Japanese business community in Ontario. The group was established in 1957 by a small collection less than 20 — of Japanese firms. Since then it has steadily grown and now the Association boasts over 170 corporate members and more than 50 individuals.



Soviet ladies of the evening: Marina and Lene; hard currency for novelties

CRIME

Moscow's vices

Prostitutes find profits in perestroika

THAT cozy bar in Moscow's Meshchansky district is a favorite for many Western businessmen. After a day spent visiting galleries, art studios and antique markets, bus drivers and typists come a calling after work for noisy Westways. Each evening, the bar is also crowded with attractive women with luscious proportions on their minds as well: \$300 a night for sexual services. Some Westerners have discovered that the prostitutes who are now prevalent in the Soviet Union are often agreeable. A Yalta-area entrepreneur who stayed at the Meshchansky while he set up his firm's Moscow office recalled a recent encounter with a Soviet prostitute. "I had just checked out of the shower when someone knocked on the door," and the man, who requested anonymity, "When I opened it, a woman pushed into the room and asked me if I wanted some company."

Before glazant, hard-line communist theorists maintained that there was no reason for prostitution to exist in the Soviet Union because Marxist leaders had eliminated the social and economic evils that forced people to sell sexual services. In fact, prostitutes have always frequented Moscow and other Soviet cities. Now,

under President Mikhail Gorbachev, socialist values against prostitution, which were never firmly enforced, have become even more lax. As a result, bars in Moscow's better hotels are filled with impudent prostitutes, known as *zhanki*, who can earn hundreds of dollars a night. And girls even lounge in parked cars within sight of the Kremlin walls, while the lower-priced prostitutes they control offer their services to men for as little as a few dollars.

Some Soviet sociologists and academics say that growing economic chaos in the Soviet Union, widespread drunkenness among married males and a high divorce rate are some of the factors forcing women to turn to prostitution to make enough money for basic necessities. Giga Demchenko, a Moscow-based writer who has published studies on prostitution, sees Western influences for a current Soviet bid for beauty contests. According to Demchenko, many young girls go to great lengths to win them and then, repelled by dreams of easy money, end up as prostitutes. Internal ministry statistics show that police across the Soviet Union charged 5,846 women in 1989 for engaging in prostitution. Demchenko said that the

situation do not accurately reflect the current prostitution boom, and ministry officials confirmed that the statistics referred only to women whom police had actually caught engaging in commercial sex. The penalty for such infractions, relatively modest, flat tax, that prostitutes who earn valuable foreign currency and who can buy cheap black market rubles, work out to as little as \$5.

The fact that prostitution now flourishes in the officially straitlaced Soviet society clearly comes as a surprise to some foreigners. Last week, one California businessman thoughtfully reflected on American stereotypes of Soviet women as he surveyed the scene at the bar of the Meshchansky district. "As he did so, his eyes squinted, whether he was known for any showiness, adjust-olive used to ensure that the Chinese. This label was created and then selectively looted by the barbers with sickles." The foreigner, who added that his name not be used, took a muffled sip of his drink. "Most people back home think that all Soviet women look like 500-lb. weight lifters," he said. "It is kind of convincing that some of the clearest women I have seen in Moscow have been working the bars."

Cortado, the fashionably dressed *zhanki* are among the most visibly affluent women in Moscow. But restrictive policies that prohibitly bar ordinary Soviet citizens from entering the city's better hotels mean that prostitutes working for hard currency have to pay entrance fees, to do taxes, police and insurance, in order to reach the right spots where they charge between \$175 and \$255 per customer. Last week, 10 prostitutes interviewed by *Newsweek* in central Moscow suggested that Japanese clients are among the most desirable customers. The prostitutes said that the Japanese men rarely quibble over prices. Gains, a dark-haired, 30-year-old Latvian who said that she planned to open a clothing store with her earnings from prostitution, also praised the tight-spending habits of young German businesspeople. Americans and Canadians are friend, but she added that sometimes they want to eat all night in a bar.

Besides the women, including daytime students, luxury workers and store clerks, interviewed in Moscow last week said that prostitution was still primarily lucrative work that they did at night in pursuit of their alibi and finding a foreigner who would sweep them up and take them out of the country. And while all of those interviewed denied that they were under the control of a pimp, one of the women confirmed that many prostitutes have a working relationship with the KGB, the Soviet secret police. Said Natalia, a petite redhead: "It is true. They let us work here and, at return, they sometimes ask us about certain foreigners." Still, such Cold War-era considerations are probably of little importance than they would have been five years ago. As the Soviet Union struggles to shift from a Communist past as a future governed by market economics, the business that is flourishing is the one that is known as the oldest profession

MALCOLM GRAY in Moscow



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ENVIRONMENT

Disputed impacts

A new controversy over James Bay II

For the 500 Crees Indians of Whapmagoostui, a remote village located at the mouth of the Great Whale River on the eastern shore of James Bay, the announcement represented a serious threat to their environmental way of life. Last week, a senior federal government official admitted that Ottawa may not have the legal authority to stop Quebec from building a 200-km road as part of its plan to develop the hydroelectric potential of the Great Whale River. Opposition critics accused Federal Environment Minister Robert D. Cotter of weakness in his negotiations with the Quebec government for six months, and the Cree community's environmental protest of the energy project took place before any road construction began. And Whapmagoostui Cree Chief Robbie Dark predicted that the James Bay II project will destroy his community's hunting, fishing and trapping grounds. Said Dark: "As far as we're concerned, they're going to go ahead with it no matter what we say."

The Great Whale project, valued at \$8 billion and scheduled for completion by 1998, is part of the second phase of Hydro-Quebec's massive James Bay complex of dams, dams, river diversion, reservoirs and powerhouses. If all three phases are completed on schedule, early in the next century, James Bay will be one of the largest hydroelectric complexes in the world. For more than a year, Ontario and Quebec have tried to reach an agreement on the scope and duration of environmental damage into the Great Whale complex. Ottawa has proposed one set of hearings to cover the entire project, including costs, imports, construction damage and the hydroelectric facilities themselves. But Quebec has insisted on two sets of hearings, one for the hydroelectric, the other for the dams, reservoirs and powerplants.

For the project, as well as its opponents of the project, the timing of the hearings has become a critical issue. Quebec wants to begin constructing the road early in 1990. In order to stick to schedule, the provincial government wants separate hearings on the administration because the hearings could be concluded much more quickly than a comprehensive review of the entire project. The Cree, and some environmentalists, say that if the one part is approved and built, it will be impossible to stop construction of the hydro facilities.

Last week, officials in the Federal Environ-

My Maria died.

A TRUE STORY

When I arrived in the Philippines so many years ago, one of the first things I did was to fall in love. She had dark hair and she used to wear a bright orange dress. She had big, big eyes that would always look to me, and when she smiled, oh how she would smile! She lived in one of those tropical huts on the shore, the ones you see in postcards... my Maria was only two years old.

One day, I was caught in one of those sudden tropical downpours and I ended up with a bad cold. I was fished into the provincial hospital. After a week there, my cold went away (if I had stayed home, it would have taken seven days), and I went down to find my lovely Maria.

But my Maria had died.

She too had been caught in the same downpour. She too caught a cold. But when she was lying on her mat in the corner, the wind blew through the bamboo walls of the postcard tropical hut, and she caught pneumonia or something terrible, and there was no money for medicines and she wasn't strong enough to fight it. So while I rested in my hospital bed, my Maria was buried in her tropical island.

That was fifteen years ago.

Today, I met another two year old who stills my heart, Marissa. I met her in the main entrance ward of the provincial hospital where she and her mother had been brought. You see, Foster Parents Plan weights all the little children in our parishes.

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mental Assessment Review Office acknowledged that Ottawa may have to accept Quebec's plan. In a letter to the federal-provincial committee that is attempting to devise the rules for an environmental assessment, Raymond Johnson, executive director of the review office, said that under the 1975 James Bay and Northern Quebec Agreement, the hydroelectric projects are considered a provincial jurisdiction. As a result, Quebec insisted Ottawa's role in the environmental assessment review. The letter was made public by members of the Grand Council of the Crees, who are participating in the negotiations.

Opposition critics, as well as environmentalists, immediately accused Crevet of attempting to avoid hearings in order to appease Quebec. Said James Puthie, environment critic in Parliament for the New Democratic Party: "A political fix is being attempted. Once Que-

bec has spent \$400 million on roads to the wrong places and airports to the wrong locations, they will simply claim the right to proceed with all the dams."

As the controversy unfolded in Ottawa, Quebec Environment Minister Pierre Bourgault joined the attack on de Gobert and supported the position of the opposition critics. Bourgault has been preparing for one set of comprehensive hearings, and some analysts say he was countering demands for two comprehensive environmental reviews. The letter was made public by members of the Grand Council of the Crees, who are participating in the negotiations.

As the political debate over the Great White project rumbled on, de Gobert and supporters of the project insisted that the environmental impact statement be completed quickly so that Hydro-Quebec can meet its construction timetable for the Great White project.

For his part, de Gobert tried to deflect criticism by insisting that Ottawa does have the authority to delay the project until a satisfactory environmental assessment has been con-

ducted. He said that Ottawa could withhold construction permits pending the outcome of a review of the hydroelectric facilities.

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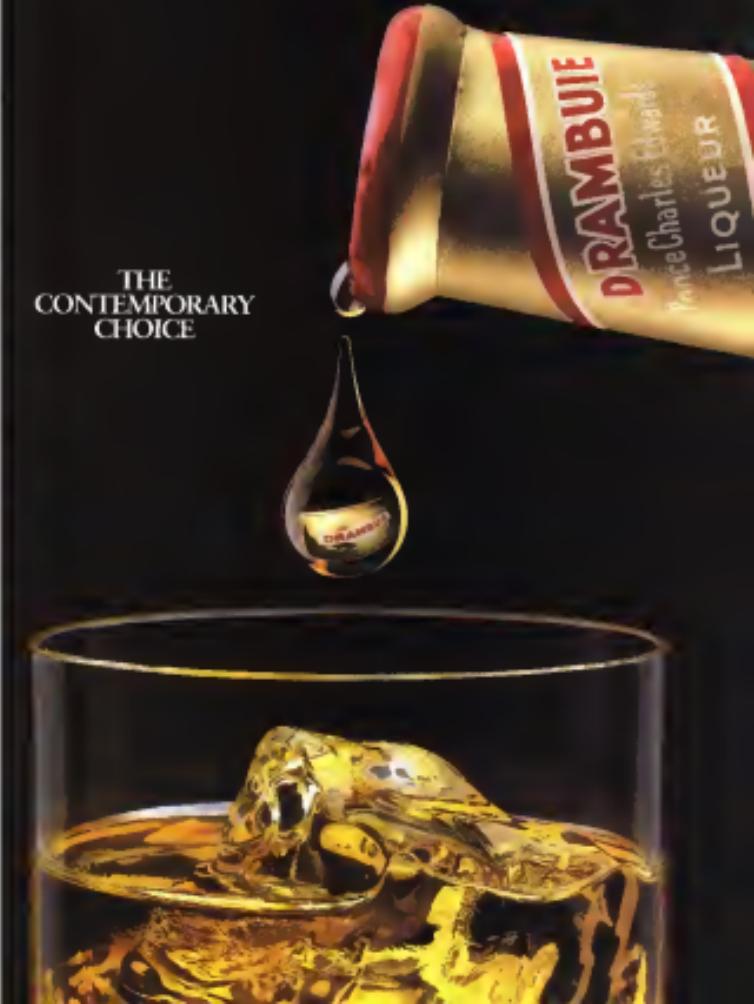
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THEATRE

The big chill

A hit play examines *Me Generation* woes

THE HEAT CHRONICLES
By Wendy Wasserstein
Directed by Bill Glavin

Judging by the spectacular success of Wendy Wasserstein's *The Heidi Chronicles*, her thesis at the United States at its second deck. The travel and romance comedy about the baby-boom generation runs for a year and a half off-Broadway—and was many awards, including the 1988 Pulitzer Prize for drama. Now, an all-Canadian production of *The Heidi Chronicles* is running at Toronto's Royal Alexandra Theatre until Dec. 25. But the only award the play is likely to win there is one for the most soporific viewing.

The Heidi Chronicles follows a young, middle-class woman, Ruth Holland (Suzie Plakal), from awkward adolescence to her flowering as a feminist art historian. Her professional career is an undistinguished success. Privately, however, her life has been a disappointment. The

woman with whom she enjoys good sex, entrepreneur Sophie Bernstein (Michael Riley), is a philandering co-ed, while the man she truly loves, a socialist of somewhat acid-tongued predilection, Peter Peterson (Joe Ziegler), is homosexual.

That plot yields some promise. But what pretends to be an honest, refreshingly unromanticized view of Heidi's life turns into a lit parade of journalistic traumas and pop iconography from the decades she has lived through. From the long hair, rock music and naive idealism of the Sixties to the break-up skirmishes, get-rich-quick schemes and BOMAs of the Eighties, Wasserstein chronicles the history of the so-called Me Generation by turning her characters into

mouthpieces for pop culture. And even when *The Heidi Chronicles* uses its acerbic humor to penetrate beneath the surface of that culture, it still finds itself entangled in the hackneyed issues of the lifestyle magazines. One of Heidi's most enlightened and hard-nosed discoveries is that her friends are her true family—a circle that has been making the rounds for years.

To be fair to the playwright, the actors assembled by director Bill Glavin are not matched up. They look the part, but their lines could hit Wasserstein's lines above their essential banality. Only Ziegler, as Heidi's friend Peterson, has the requisite poignancy and tenacity; his sedately amiable appearance on a New York talk show is the highlight of the play.

Despite its artistic shortcomings, *The Heidi Chronicles* has been financially successful—because it summons to a comfortable wistfulness for the members of the baby-boom generation, a nostalgic, absurdly familiar tour of their collective past. In the long run, it will be remembered not more product than they authentically consumed. As theatre, it will scarcely be remembered at all.

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BOOKS

A pilgrim's progress

Ron Graham searches for
the soul of Canada

GOD'S DOMINION
By Ron Graham
(McGraw-Hill \$19.95; 320 pages; \$22.95)

Like a pilgrim of old, Canadian journalist Ron Graham spent more than two years wandering the country "to discover," he says, "the soul of God's Dominion." He visited monasteries and churches, abbeys and mosques, Bible colleges and Hindu temples. He taught astrophysics at a Benedictine monastery in Saskatchewan, and worked on an assembly line in a Holtzman commercial firm in rural Manitoba. He ate at the feet of New Age prophets, and found himself deeply moved during a performance of religious music in an Anglican church in St. John's, Nfld. Then, Gethsemane, the author of the much-cited 1988 study of Canadian politics (Frangélico King), wrote his own review and interpretation in a wonderful book, *God's Dominion*. No clear vision of the country's soul emerges in Gethsemane's study. But he does discover that spiritual hunger is very much alive in the land, as many Canadians struggle to lead lives that are not entirely dominated by greed and spending.

God's Dominion is such a rich and lively book partly because of the intense interaction between Gethsemane and Gethsemane's personal reactions. A deeply religious man himself, Gethsemane believes in God and church but is quick to offer grace when his spirit is touched. His vision of a traditional culture based on the Northwest Territories is one of the book's highlights. But when he detects hypocrisy or sexual molestation, he is also quite capable of tearing the "kudu" (borrowing to the violent aspiration for an independent Sikh state in India). Gethsemane's fondness for the rugged Canadian Sojus ("willing to sacrifice it, ignore it or die it")

That forthrightness will doubtless draw some angry responses. Financier and newspaper publisher Conrad Black is currently suing Gethsemane and his publisher for a passage in *God's Dominion* that Black claims is libelous. Yet, on the whole, the book will be a force for reflection. Gethsemane concludes that, at a fundamental level, people of all faiths share the same struggle, and that their differences have more to do with historical tradition than with any recognition on the truth.

Indeed, as Gethsemane points out, Roman Catholic social activists may have more in common



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BOOKS

with United Church members than they do with the conservatives of their own faith. Religion after religion, Graham discovers the same divisions between those who believe their churches must adapt to the worldviews of change and those who hold that religion must be a bulwark against it. His analysis of that phenomenon in the United Church, even in recent years by quarters over debating homosexuality in the ministry, is particularly expressive.

The book's main shortcomings result from the difficulty of finding truly representative voices. A political and human writer by trade, Graham has the instinct to go to the top for his interviews. That limits his discussion of the Roman Catholic Church largely to a personality portrait of the past and current leaders of the large and influential Catholic diocese of Toronto. But, although the voices of poor or middle-class Catholics are scarcely heard, Graham's plunge into the lives of an exiled Cardinal Emeritus Carter, and his replacement, Arch-bishop Alfonso de la Torre, is instructive. He portrays Carter as a hearty man of the world, more dedicated to pursuing social status and managing church finances than to spiritual proselytizing in the inner parishioner. Carter was known for thumbing through his speech notes while powers were in progress, and he once took a holiday in Palm Beach, Fla., with Cardinal Black.

Ambrose, on the other hand, could hardly provide a starker contrast to his predecessor. He is an austere, conservative and ascetic who can brilliantly defend the church doctrine of precisely orthodoxy. Commenting on the tension that has existed in the representation in recent years, Graham writes: "The point of the Achacatá had to do with the Roman Catholic Church."

Graham himself was raised as a Catholic, but severed himself from that faith-as-a-child. In the last chapter, "God's Dominion," he describes how, in his 30s, he travelled to India. Following the footprints of many children of the 1960s who sought enlightenment from Indian gurus, Graham learned a kind of Buddhist meditation that he still practices. As Graham acknowledges, his meditation does not add up to a religion. But he claims that it has helped him out of many severe bouts and left him better able to respond to the suffering of others. This is the vintage point from which to spy out religious heresies. He writes that, as he crossed Canada, he met indigenous leaders "who could converse fluently with what is black or prove that God exists, but who could not sit still for three minutes or love their neighbours as themselves."

Throughout God's Dominion, however, Graham balances healthy cynicism with a fervour desire to see the religious cause flourish hopefully. "Nothing less than wisdom and consecration seems to be required for peace of mind and the survival of the planet," he writes in conclusion. God's Dominion is a brave and fertile book, and in the ongoing struggle of Canadians to come to a deeper religious consciousness, a very important one.

TELEVISION

The middle of nowhere

A Farley Mowat saga reaches the small screen

LOST IN THE BARRENS
(CBC, Dec. 2, 8 p.m.)

Across four decades and 32 books, Farley Mowat has reached the Canadian wilderness, painting vivid portraits of what is often an otherwise bleak landscape. *Last of the Barrenovians* (1959), Mowat's third novel and the book to be made into a movie, portrays that frontier with particular energy. Set in 1953, it is the story of Jessie, an ungrateful boy who runs out of money and has to leave an exclusive Toronto boarding school for a nomadic desolate existence in northern Manitoba. "This is not at all my idea of an adventure," says Jamie Nichols (Sheldene) as he leaves behind his elegant dormitory for the dim, pitch-dark log cabin of his Uncle Angus (Eric J. Campbell). But the young man rises to the occasion. And in bringing his story to the small screen, we have screenwriter Keith Rose (Lester), director Michael Scott and Sheldene's daughter, the two-hour movie from Toronto's Atlantic Films and Winnipeg's Muddy River Films is an artfully rendered adaptation of Mowat's classic.

The beauty of the movie's title set a stark warning over the border of the Northwest Territories, leavened with equal intensity by native Indians and white settlers. Jessie's Uncle Angus describes the area long as the north end of his cabin: "The wind blows right across so strong, it tears the skin off your face, not a tree for half, not a bush for shelter." But Jessie's determination to prove his uncle wrong, and his education a source of the foundations laid, accompanied by Amata (Eva Adams), a young Indian girl who has recently dropped out of school. When their boat founders in the rapids, they are stranded for several weeks and forced to construct the vast wilderness—and their memory, record images of each other.

In their battle to survive, the two boys encounter hunger, snow blindness and a dangerous close call with a grizzly bear. Through it all, Sheldene brings out the right mixture of childhood ingenuity and late-adolescent spleen to be rifle. His performance, combined with Leckie's intelligent script and a powerful score by Robert Peters, makes *Last of the Barrenovians* a harrowing saga about a young man's coming-of-age.

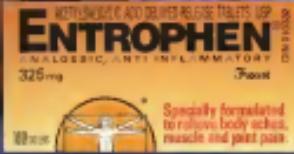
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DANCE

Existential acrobatics

Robert Desrosiers
choreographs a life

The best-known works of Toronto-based choreographer Robert Desrosiers have unfolded in a strange and spectacular dream world—a place where athletic dancers in leotards, acrobats, costumes cover among the special effects. In *Alors Soucis*, the choreographer's 1985 commission for the National Ballet of Canada, a 30-foot-high giant's head bubbles up above twisted dancers' waists, which the artist created for the 1984 Calgary Winter Olympics arts festival and revised at 1988, combines surreal imagery with heightened trickery. By comparison, his latest work for his own company is a surprisingly straightforward piece. The 10-hour *Jeanne Goudreault*, which debuted last week at Toronto's Princess Dance Theatre, is about the phases of human life from conception to the grave. It is a production in which dance rather than spectacle is dominant. Unfortunately, the absence of spectacle is all too conspicuous; on its own, Desrosiers's choreography proves to be only intermittently interesting.

Described by its 57-year-old choreographer as "a portrait of the political nature of our lives," *Jeanne* begins with two lovers conceiving a child on a folding sheet. In an inevitable sense of change, the sheet becomes the wall of a womb, revealing Desrosiers as the fetus within. He bursts through the sheet, simulating birth in the cost of the floor, assisted by the Princess Dance Theatre's eight artists from the Canadian Children's Dance Theatre, giving successive stages of life. For most of Desrosiers' second act, titled "Life Continued," the narrative disappears and the relationships among the dancers become abstract. At the end, an old man enters onto the stage and dies, completing the life cycle.

Desrosiers's choreography is dynamic, and his dancers are, for the most part, equal in the giddily acrobatic demands that he places on them. But he relies heavily on sharply timed range of motion, changing movements that eventually seem repetitive. Jeanne's other major weakness is that the first and second acts bear little relation to each other; the finale with the old man seems tacked on and fails to draw the two halves together. Like the Wizard of Oz, Robert Desrosiers looks disconcertingly familiar when he emerges from his arsenal of special effects.

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Misery loves company

An obsessive fan's devotion turns scary

MISERY

Directed by Rob Reiner

Like a recurring nightmare, the predatory fiction of Stephen King keeps coming to life. Last week, it took the form of a macabre clown with a shark-toothed grin in the television movie *It*. This week on the big screen, *Bollywood* unleashes *Misery*, a heart-thumping thriller about a novelist who is held hostage by a psychopathic muse. Adapted from King's 1987 novel, *Misery* is directed by American filmmaker Rob Reiner, dabbing at horror for the first time. Reiner's strong mix of his w



Cause painful escape attempts and frequent grins.

shades a rock 'n' roll novel (This Is Spinal Tap), a fairy-tale adventure (The Princess Bride), a coming-of-age story (Stand By Me) and a romantic comedy (When Harry Met Sally). However, *Misery* is full-on torture

With help from Oscar-winning screenwriter William Goldman (Butch Cassidy and the Sundance Kid), Reiner tamps down with an edge of black humor. But it is as if Reiner and Goldman are attempting to prove a point that does not suit them: the while, they put the terror of it, eventually, however, if gets the better of them. By the end of the movie, they are wallowing the blood, instrument of child with unnameable abhorrence.

Paul (James Caan) is a best-selling romance novelist who is trying to break out of the commercial mold. To the consternation of his literary agent, Marion (Janet Leigh), he has killed off his immensely popular heroine, Misery Chastain. As the movie begins, that final installment of the "Misery" series is on its way to the bookstores, and Paul is incarcerated in a Colorado mountain lodge, trying to finish the last page of a major personal novel.

During his stay in New York City with the manuscript, he loses control of his car in a blizzard and ends up a captive. He wakes up in a strange bed with massive injuries, including two broken legs. Paul is relieved to learn that he has been rescued by a man living in a remote farmhouse who calls himself "misery man." But he soon finds that she has no taste for the kind of literature he writes.

Misery and Paul's nurse, Annie (Kathy Bates), live over her helpless patient. Then, she reads some of his latest manuscript. Mortified by the book's popularity, she flies into a rage. Later, she buys Paul's latest "Misery" novel, only to discover that he has masqueraded his beloved heroine. Hell hath no fury like a determined groupie, and Annie turns violent. She also knows how to succeed at darts at typewriter and bring Misery back to life.

As Paul makes painful attempts to escape, a rustic sheriff, Bussell (Richard Dreyfuss), investigates the mystery of the writer's disappearance with encouraging slowness. He reads Paul's work from beginning to end, looking for clues. The author's byzantine twists often come right. But the movie is essentially a dramatic diet. Caan makes the best oily role that requires a great deal of grinning. And Bates, dressed in laundry class, makes Annie's schizophasic mood swings truly breeding.

Goldman's script is filled with "Misery" jokes—with Annie usually coming such lines as "Misery...the made me so happy." But there is an unsettling atmosphere in a script that is so much fun that you can't ignore it. Director Reiner seems oddly preoccupied with pulling off the tricks of the older trade. And there is something dismally about a film that makes a giddy, sweet-faced, unusually approachable woman the target of so much scorn. As we sit given way to smirking manipulation and wholesale gore, *Misery* never shies off the oppressive conundrum of its title.

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Tycoon toughness

Four books detail the struggles of the barons

The market for business books may have reached its peak in the racing economy of the 1980s. There was, after all, plenty to write about. Specular fortunes were made as stock prices rose to record highs on world markets. Colorful and notorious characters emerged,

but food-retailing conglomerates which was then shattered after his death by his bickering daughters and Quebec politicians. And Toronto-based shoe-manufacturing legend Thomas J. Bata, in his autobiography, *Bata ShoeMaster*, Bata Bldg., recounts his rise from his father's vast holdings from Nazis,



Rat's wife, Ivana, in Prague: defending his father's business against Nazis, Communists and his uncle Jim

including New York City developer Donald Trump and Wall Street swindler Ivan Boesky. Corporate takeover artists flourished, while corruption on Wall Street reached almost incalculable levels. This full-line of business books reflects the fact that the economy in the 1980s, producing few new, worthy characters or events. As a result, a number of authors are exploring a business subject that never seems out of date: the corporate tycoon who, against all odds, has built a towering empire.

In fact, four of the leading business books are about shadowy corporate barons and their lifelong struggles against greedy relatives, aggressive lawyers and envious politicians. In *Strikethrough: The Divisive Life of Family Rivalry Oscarville*, Tom Marton authors Alan Galbraith and Peter Hatchell skillfully describe how Samuel Steinberg built a multibillion-dollar

empire by Hungarian-born Montrealer Samuel Steinberg, who started out working full time at his mother's tiny Montreal grocery store in 1900. He eventually quit school and, by 1922, Steinberg launched a plan to open a new store every 60 days.

Oddly, while employing a host of relatives, Steinberg failed initially to keep his four daughters directly into the business lined up; he showered them with wealth and let outsiders and other family members—including his nephew Arnold—manage the company. It was not until 1973 that Steinberg made his then-42-year-old daughter, Matz Bohm, general manager of a major Steinberg Inc. division.

Following her father's death in 1978, Bohm hurried to take control of the entire Steinberg Inc. operation. When she failed, she tried to sell it, but her estranged sisters, who shared control of Steinberg Inc. through a complicated family



Steinberg store in Montreal: the sisters fought over their father's empire

account, gobbled it up. Czechoslovakia-born Toronto writer Sonja Sosich, chronicles how data assured her father's business from the upheavals caused by fascism and communism. Thomas Bata was born on Sept. 17, 1874, in Zlin, Czechoslovakia. His father, Tomáš, was a visionary capitalist who had made a fortune by automating the shoe-manufacturing business. The son, Bata also crossed one of the first multinational firms by expanding his operations around the world. Bata's empire, then, was established by 10,000 people throughout central Europe, which ended when in 1948 he immigrated to Ontario, Ont., from Czechoslovakia in 1937, and in the late 1940s he moved to Toronto, where he bought many stores. He travelled widely and attended European law schools. Then, in 1929, when Hitler's armies invaded Czechoslovakia, he fled to Canada. At the end of the Second World War, Bata returned to Zlin, but, where German Nazis had once stood guard there were now Communists, who nationalized the Bata operation there.

Bata vowed to take back his factories in Zlin, but he had a family to wage first. The relatives, including his father's brother, Jan, remained amicable following his father's death in 1933. But eventually, Bata writes, he came into conflict with his uncle, who claimed that Bata had sold him shares at Steinberg's holding company. After years of court battles, the younger Bata finally died in October, 1963. And with the collapse of Czechoslovakian communism, Bata triumphantly returned to his home town a year ago. Recalled Bata: "There were flags everywhere, along with pictures of

my father 'Long live Bata,' they cheered."

Bata's autobiography depicts his life as a series of adventures. He looks over his career to escape Nazis, communist dictators and Russian family and fortune from the Communists. But, while his story is at times harrowing, the book fails to shed much light on Bata the corporate executive.

Like the Steinbergs and Bata's empire, Bata Corp. was built largely by one man's hand. Bata's son, James, 76, now chairman, who died in 1984, immigrated to Ontario, Ont., from Czechoslovakia in 1937, and in the late 1940s he moved to Toronto, where he bought many stores. In 1964, he struck it rich when he bought into the enormous claims at Elliot Lake, Ont., where he built the world's largest single uranium mine. Bata Corp., which at the time of his death was a \$3 billion resource empire, is now run by his 43-year-old daughter, Sheila Roman-Bata.

According to McKey's telling account, Roman's accomplishments are hardly touted by his personal beliefs and business tactics. He argues that Roman was an avowed anti-Semite and helped bring down the Steinbergs into Canada. McKey also writes that, in a secret protocol, Roman told his father-in-law, Arnold Steinberg, to keep the international price of uranium low.

While McKey's work is well-researched, it sometimes teeters that *The Russian Empire* is merely a platform for his own political beliefs. Foster's *Randy Speirs* explores many of

the same themes as the other books, but the exotic setting and eccentric characters at Foster's story make it the most entertaining of the four. As coauthor of *Fascists* Borsig & Mass, founder of the Borsig dynasty, moved from Spain to Santiago, Chile, in the early 1800s and established a multi-billion-dollar steel plant. Protection ended in 1933. Peleg Bouch, who was married to Borsig's great-niece, Marianne Borsig, took over and built the Borsig ironworks company—but not before he was forced several times into voluntary retirement.

Through three conflicts, Bouch had to survive Cuban dictator Fulgencio Batista's revolution. When Castro took power in 1959, many Cubans and Americans believed that he would bring democracy to the island nation. But Batista was not among the believers—and his concerns proved to be justified. Shortly after seizing power, Castro advised Bouch to pack his bags to the United States. But during their flight, Batista quickly exposed his legal Maracaibo vault. "What [Bouch] used the word 'money,'" Castro got up and stalked off," Foster writes. Bouch survived his confrontation with Castro by using planes owned by Cuba and, in 1976, retired to Lyford Cay in the Bahamas, where Foster found him, at age 90, still chewing at casting Castro and returning to his beloved Cuba. Like Samuel Steinberg, Thomas Bata and Stephen Roman, Peleg Bouch thrived on conflict—and the desire to leave a vast corporate testament of his life on earth.

TOM PENNELL

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FICTION

- 1 *Reservoir, Desjardins* (2)
- 2 *The Photo of Mrs. Givet* (2)
- 3 *Miracle and the Sun of Sharon*, *Ruthild*
- 4 *Sophie's Choice* (2)
- 5 *Never Eat Anything Twice*, *Mitchell* (2)
- 6 *The Royal Knight*, *Edwards* (2)
- 7 *The Witching Hour*, *Perry* (2)
- 8 *Circle of Friends*, *Endicott*
- 9 *Four Past Midnight*, *Fitz* (2)
- 10 *The General in His Labyrinth*, *Garcia Márquez* (2)

MUSIC

- 1 *Toronto and Our Times*, *Clarke* and *McGill* (2)
- 2 *The Green Depositors*, *Denton* (2)
- 3 *Inside Machinery*, *Roddy* (2)
- 4 *A Good Steamer*, *Graham*
- 5 *A Life like No Other*, *Hinny* (2)
- 6 *An American Romance*, *Reed* (2)
- 7 *True Story*, *Thomson* (2)
- 8 *Power Shift*, *Trotter* (2)
- 9 *By Way of Disgrace*, *Gravelley* and *Noy* (2)
- 10 *Homecoming*, *Brashaw*

COMICS

- 1 *Comics by Ivan Reitman*



Arnold Steinberg's struggle



Canada in 1993? The answer is easy

BY ALLAN FOTHERINGHAM

So, now, the Council for Canadian Unity has its new site. The Council for Canadian Unity is a loose grouping mostly business types, from all the provinces and territories. Since it has been going for 25 years, and unity does not seem to be growing, the executive has this site for its 1993 annual meeting. Instead of choosing over the past year's fiscal groupings (regions, say), the officers try to look forward and project what Canada will look like on June 23, 1993—that is, the date of mandatory of what would have been March 1993.

To divine this future, they've invited those of the more affluent futurists to participate—a prominent Quebec publisher, a pretty face from the various television screens, and your Muskogee agent. Thus a duck soup. It's hard to figure out the Canadian present but it's easy to see what's going to happen down the track.

By June 23, 1993, Brian Mulroney will still be Prime Minister, having narrowly survived in the 1992 election that split the House of Commons into an Iqaluit-like isthmus. Because no one could gain a working mandate among the Rightist Conservatives, the Gibeons, the Few Democrats, the Reform Party, the Blue Independents, the Greens, Dr. Margerita's party, the Rhinos and the Don't-Knows, the Vice Tax that walks like a man has patched together a coalition that governs sort of.

On June 23, 1993, Peter MacKinnon will be doing cameos for Buddy Holly's *last* music video sponsored

On June 23, 1993, Jean Chretien will be clarifying his position on March Lake.

On June 23, 1993, Keith Spicer will be giving his final day of his Report on the Seal of the Nation—there was a delay because they couldn't agree on which unincorporated area the seal would cover.

In June of 1993, External Affairs Minister Maxime Bernier will be standing threateningly before Senator Henson with full intentions of the does not release the hostages Steven Robinson and Lloyd Axworthy who are getting thoroughly sick of each other now that their sup-

porters, eagerly wanted, will be Bill Jackson, Jim Keay, John Bushnell will have accepted the appointment as the new chairman of the Senate ethics committee, immensely bolstering the Liberal candidate, Alison MacEachen.

The last conservative lawyer will appear on Hartbeeswood Thursday evening. That will make city at the world located on a little island small enough to fit it is located on a hill.

Finance Minister Barbara McDougall will meet with Prime Minister Michael Harcourt in Bermuda to sign a pact that new Scottish immigrants to Canada will be eligible for English-language training. Jack Webster will be the government spokesman.

June 1993, the most positive politician in the land is our Leader Stephen Lewis, who achieved the highest number of seats in the 1992 election but was deprived of power because of the coalition put together by Mulroney composed of the Tories, the Reform Party and the Rhinos.

By June of 1993 the city council of Saguenay-St. Marie will have passed a motion redrafting its belief that French words should be removed from the names of the city's restaurants.

On the third anniversary of Moose Lake's flooding there will be yet another success story: ex-Bombardier lumber tycoon Bill Veldhuis will be back in business as a result of his successful franchise being sold down to Acer or Arizona by his wife, Lillian Headland.

Toronto's Italiano Skyline, the math wonder of the world's accountants, will have reduced a debt roughly equal to that of Russia. Hastings will cost \$2.50.

The social democratic government of mighty Ontario, run by Premier Bob

will be accused by June 23, 1993, of being bloodless beasts in the intense winter tournaments by the wolfish groups and snarling platoons by the hooligans. The press will discover that Premier Bob has accepted Conrad Black's invitation to join the Toronto Club.

By June of 1993 it will be discovered that Del Johnson, the previous autocratic dragonfly cannot run in frost on unleaded gasoline in his car on the express strip which unfortunately runs through his town.

In June of 1993 the President of the United States, Albert Gore of Tennessee, will have signed into law a bill sponsored by his wife Tipper that outlaws all obscene material on records and tapes. This is going to cause serious problems for Newfoundland's Codex group. Cyclo Wells talks of separation.

On June 23 of 1993, the sun will come up at the east and several people will have fallen ill.



plan of Frank Chapman have been cut off.

By June 23, 1993, Mulroney—having apologetically offered all the Canadian people to the Japanese-Canadians, the Italian-Canadians, the Ukrainian-Canadians, the German-Canadians for allowing Berlin, Ont., to be renamed Kitchener, and the only shiny Niagara art in the country—will be apologizing to Jack Webster for missing fun of his accent.

Quebec in 1993 Premier Jacques Parizeau will be an economic debater—no thought Maple Leaf from Iqaluit—on to whether the Molson/Winnipeg will be rechristened the new Quebec finance factor now that sovereignty has been achieved.

June 1993! The new power of the Toronto Maple Leafs, Yvan Courville, will have saved the tremendous bullet-proof house by combining it with a new front that includes a slot that will be the Leafs' new home. She has announced that Karen Kom will play left wing and the new

BAILEYS



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